

## **EXHIBIT 16**

1	UNITED STATES DISTRICT COURT	1	I N D E X
2	FOR THE DISTRICT OF RHODE ISLAND	2	WITNESS
3	UNITED STATES OF AMERICA )	3	JOHN ROSELLI
4	ex rel. JAMES R. )	4	BY MR. RENNER
5	BERKLEY, )	5	BY MR. MOORMAN
6	Plaintiffs, )	6	
7	vs. ) No. 1:20-cv-00538	7	
8	OCEAN STATE, LLC, NEW )	8	
9	HARBOR CAPITAL FUND LP, )	9	
10	NEW HARBOR CAPITAL FUND )	10	
11	II LP, NEW HARBOR )	11	E X H I B I T S
12	CAPITAL MANAGEMENT LP, )	12	NUMBER
13	BLUEPRINT TEST )	13	ROSELLI Deposition
14	PREPARATION, LLC, )	14	Exhibit No. 1
15	FYZICAL ACQUISITION )	15	Exhibit No. 2
16	HOLDINGS, LLC, )	16	Exhibit No. 3
17	Defendants. )	17	Exhibit No. 4
18		18	Exhibit No. 5
19		19	Exhibit No. 6
20		20	Exhibit No. 7
21		21	Exhibit No. 8
22		22	Exhibit No. 9
23		23	Exhibit No. 10 (withdrawn)
24	REPORTED BY: MARY KAY ANDRIOPoulos, CSR	24	Exhibit No. 11
25	LICENSE NO. 084-002248	25	Exhibit No. 12
		1	Exhibit No. 13
		2	Exhibit No. 14
		3	Exhibit No. 15
		4	Exhibit No. 16
		5	Exhibit No. 17
		6	Exhibit No. 18
		7	Exhibit No. 19
		8	Exhibit No. 20
		9	66

1	APPEARANCES:	1	***CONFIDENTIAL DEPOSITION OF JOHN ROSELLI***
2		2	(Whereupon, ROSELLI Deposition
3	DUFFY & SWEENEY, LTD.	3	Exhibit Nos. 1-19 were marked
4	BY: MR. ERIC E. RENNER	4	for identification.)
5	321 South Main Street	5	(Whereupon, the witness was duly
6	Suite 400	6	sworn.)
7	Providence, Rhode Island 02903	7	JOHN ROSELLI,
8	401.455.0700	8	having been first duly sworn, was examined and
9	Erenner@duffysweeney.com	9	testified as follows:
10	Representing the Plaintiffs;	10	EXAMINATION
11		11	BY MR. RENNER:
12	KIRKLAND & ELLIS, LLP	12	Q. Good morning, Mr. Roselli. My name is
13	BY: MR. RYAN MOORMAN	13	Eric Renner. I represent the plaintiff in a
14	MR. PATRICK J. WEEKS	14	Lawsuit pending in Rhode Island Federal Court.
15	300 North LaSalle Street	15	I'm here to today for your deposition.
16	Chicago, Illinois 60654	16	I don't know if you've been deposed before or
17	312.862.3755	17	not.
18	Ryan.moorman@kirkland.com	18	A. I have not.
19	Patrick.weeks@kirkland.com	19	Q. Never, okay.
20	Representing the Defendants.	20	So I'll just go over kind of some
21		21	ground rules.
22		22	I'm going to be asking you questions.
23		23	If you don't understand my question, please let
24		24	me know, I'll try to rephrase so that you
25		25	understand the question; is that okay?

1 A. Yeah.  
 2 Q. Do you receive any payment from any New  
 3 Harbor entity?  
 4 A. Yes.  
 5 Q. Okay. Which?  
 6 A. It's from -- I guess, it's from the GP.  
 7 I don't really honestly know.  
 8 It's a New Harbor -- I'm an employee of  
 9 New Harbor. They pay me a small salary to be on  
 10 staff to work in portfolio companies as needed,  
 11 and also do some general things across our  
 12 portfolio.  
 13 Q. Okay. And has that always been the  
 14 case?  
 15 A. Yeah.  
 16 Q. Okay.  
 17 A. Yes.  
 18 Q. Okay. At some point -- maybe you still  
 19 are -- a portfolio operations manager or  
 20 director, something?  
 21 A. I'm an operating partner is the title.  
 22 Q. Okay. And what does that entail?  
 23 A. So an operating partner, I work with  
 24 the portfolio companies, certain ones that, you  
 25 know, I'm designated to work with to help with

1 A. It's not --  
 2 MR. MOORMAN: You guys are using New  
 3 Harbor entities to mean different things.  
 4 You should get clarification of what  
 5 New Harbor entities means.  
 6 BY MR. RENNER:  
 7 Q. Sure, okay.  
 8 I'll refer to portfolio companies as  
 9 one of the portfolio companies that is,  
 10 whatever, is owned by one of the New Harbor  
 11 funds, right?  
 12 A. I'm sorry, say that again.  
 13 Q. So portfolio companies, you understand  
 14 what I'm referring to?  
 15 A. Yes.  
 16 Q. All right. When I say New Harbor  
 17 entities, I'm referring to, you know, whether it  
 18 be a fund, from a fund, from the management  
 19 companies.  
 20 A. Management, you mean the portfolio  
 21 companies?  
 22 Q. No, like a New Harbor Capital  
 23 management, for instance.  
 24 A. Okay. Like the general partnership?  
 25 Q. Yes.

9

11

1 the operations.  
 2 So mostly what you do is you're helping  
 3 with new investments to try to implement the  
 4 strategy that we want to implement, to maybe  
 5 hire the management team, to get the management  
 6 team working well, to kind of be the liaison  
 7 between the private equity and the management  
 8 team, because oftentimes, we're hiring  
 9 management that have never worked with private  
 10 equity, so I can be the go-between to interpret  
 11 between the two groups. So that's what I do.  
 12 Q. Okay. And do you have any ownership  
 13 interest in New Harbor entities?  
 14 A. I have -- I have -- for the entities  
 15 that I have worked in that, you know, I've had  
 16 an assignment, like executive chair or interim  
 17 CEO, I will typically get incentive equity, like  
 18 a management -- like somebody who's a manager  
 19 would get.  
 20 Q. You're referring to from the portfolio  
 21 company?  
 22 A. Yeah, from the portfolio company.  
 23 Q. What about New Harbor, are there any  
 24 New Harbor entities that you have an ownership  
 25 interest in?

1 A. Okay. So I have -- I have no ownership  
 2 in the general partnership.  
 3 Q. What about any of the funds?  
 4 A. In the funds I have -- I have -- I  
 5 mean, there's -- I don't know how you call it.  
 6 I wouldn't call it ownership.  
 7 I have the ability to co-invest, so I  
 8 can invest my own money in those funds, and then  
 9 I also have a percentage of carry, of carried  
 10 interest in Fund II and Fund III, that's --  
 11 Q. I'm sorry, I didn't mean to cut you  
 12 off.  
 13 A. That's over a seven-year period.  
 14 Q. Okay. So carried interest, why don't  
 15 you explain for me what that is.  
 16 A. Okay. I'll do it to the best of my  
 17 ability. I'm not an expert in this, and you can  
 18 -- you could read up on this, but basically,  
 19 carried interest is, in the world of private  
 20 equity, when you raise money from limited  
 21 partners, you charge a fee, but you also get a  
 22 carried interest, which is a percentage of the  
 23 profits of the fund.  
 24 So it's typically 2 and 20, that's the  
 25 common structure; so 2 percent management fee

10

12



1 annually, and then, you know, when all is said  
2 and done in the fund, ten years later, and you  
3 -- and you add up all the profits, 20 percent of  
4 the profits is the carried interest, and that  
5 gets distributed to those that have a carried  
6 interest.

7 Q. All right. So you have some --

8 A. I have a very small carried interest,  
9 yeah.

10 And just to be clear, in Fund I, which  
11 was Ocean State, I had no carried interest.

12 Q. So we're here obviously to talk about  
13 the Ocean State.

14 Going back to the 2019/2020, that  
15 timeframe, did you have any kind of ownership  
16 interest in Ocean State?

17 A. No.

18 Q. All right. And at that point, did you  
19 have an ownership interest in any of the New  
20 Harbor companies?

21 A. Well, I had -- I had -- at the same  
22 time I was working with Ocean State as interim  
23 CEO, I was also executive chair of Blueprint,  
24 which is the Fund II portfolio company, and as  
25 part of that role, I got -- I got incentive

1 I'll work with them when they look at investment  
2 opportunities and education, and I'll sort of  
3 help on the diligent side of things.

4 I'm involved in the investment  
5 committee just, you know, so I can keep up to  
6 speed on everything that we're looking at  
7 investing in, and I also help with, you know,  
8 connecting the CEOs of all of our portfolio  
9 companies, so we do kind of a quarterly CEO call  
10 and CEO networking that I kind of facilitate.

11 That's pretty much what I do for them,  
12 but most of my, you know, 90 percent of my work  
13 is in portfolio companies.

14 Q. And so when did you start as the CEO at  
15 Ocean State?

16 A. The first day I started -- I mean, the  
17 first time I got involved with New Harbor.

18 So I was hired as an operating partner  
19 to be interim CEO of Ocean State and executive  
20 chair of Blueprint, so it was -- I think, it was  
21 August of 2019.

22 Q. Who do you report to at New Harbor?

23 A. It depends on what I'm working on.  
24 So, you know, it depends on the  
25 portfolio company. Whoever is the lead partner

13

15

1 equity that vested over a certain period, and  
2 also based on performance.

3 Q. In what entity?

4 A. In Blueprint.

5 Q. In Blueprint, okay.

6 A. Yeah.

7 Q. And at that point, 2019/2020, that  
8 timeframe, were you also employed by -- directly  
9 by a New Harbor company?

10 A. So a portfolio company or --

11 Q. No, one of like the New Harbor --

12 A. Well, I was -- I was getting my salary,  
13 as we discussed earlier, from New Harbor at that  
14 time, yeah.

15 Q. All right. And so maybe you already  
16 answered this, but with respect to being an  
17 employee of New Harbor, what were your roles and  
18 responsibilities in the 2020/2019 timeframe?

19 A. For New Harbor or for portfolio  
20 companies?

21 Q. For New Harbor.

22 A. You know, I don't have -- I mean,  
23 basically the responsibilities are -- I have a  
24 background in education and training, and so I  
25 work -- that's one of our investment areas -- so

1 on that portfolio company, that's who I report  
2 to for that work.

3 Q. What about with respect to Ocean State?

4 A. With Ocean State, yeah, you know,  
5 effectively, I was reporting to the board in  
6 that -- in that situation, the board of Ocean  
7 State.

8 Q. So who was on the board of Ocean State?

9 A. Let's see if I can remember everybody.  
10 Scott Wilson, I believe, one of the  
11 doctors, Frank D'Alessandro was one of the  
12 doctors, Rob Crausman, one of the doctors, Ed  
13 Kuklenski, who's an independent director. There  
14 was one other independent director that I'm  
15 going to forget, and then John Pircon and Ed  
16 Lee and Tom Formolo.

17 Q. And those last three, those are the  
18 upper people?

19 A. Yes.

20 Q. And was that -- was that true for the  
21 entirety of your time at Ocean State?

22 A. Yes.

23 Q. All right. What was your salary at  
24 Ocean State?

25 A. I think they paid me 250 annually, but

14

16



1 then when it really got tight, I reduced that to  
2 200.  
3 Q. And when was that?  
4 A. I think it was in like October,  
5 November of 2019, maybe it was a little later  
6 than that, maybe it was early 2020, but they  
7 accrued unpaid, and then eventually when the  
8 sale happened, you know, they trued me up.  
9 Q. So just kind of a line of demarcation,  
10 this was pre-COVID when you reduced your salary?  
11 A. Yeah.  
12 Q. So I take it -- well, maybe correct me  
13 if I'm wrong -- but I assume you're familiar  
14 with the relationship, contractual relationship  
15 between New Harbor and Ocean State?  
16 A. Yeah, yes.  
17 Q. Is it fair to say New Harbor purchased  
18 a majority ownership in Ocean State in 2017?  
19 A. I believe that's right.  
20 Q. All right. I want to ask you some  
21 questions about Ocean State's operations.  
22 I'm going to show you what's been  
23 marked as Exhibit 1.  
24 Q. All right. Have you seen this document  
25 before, sir?

1 Island kind of, do you know what I mean?  
2 Q. All right. If you look at Exhibit 1,  
3 Section 6, and specifically 6.1, it talks about  
4 capital contribution?  
5 A. Mm-hmm.  
6 Q. Do you know generally what does this  
7 Section 1 deal with?  
8 A. With contribution -- you know, equity  
9 invested into the company.  
10 Q. All right. So is it accurate to say  
11 that -- well, the member is Ocean State Buyer  
12 according to this document, right?  
13 A. Mm-hmm, yeah.  
14 Q. So is this basically saying that the  
15 member can make capital contributions to Ocean  
16 State, LLC in its discretion whenever it wants?  
17 MR. MOORMAN: Objection, form.  
18 THE WITNESS: Well, it says the member  
19 shall not be obligated to make initial capital  
20 contributions.  
21 BY MR. RENNER:  
22 Q. All right. But is it -- just to make  
23 sure I understand -- so the member can make  
24 capital contributions, but it's not required to?  
25 A. Yes.

17

19

1 A. I have.  
2 Q. All right. Is it correct to say that  
3 this is the most recent operative LLC agreement  
4 for Ocean State?  
5 A. You know, I believe so, but I know it  
6 was amended a number of times, so I don't know  
7 if this is the final amended version.  
8 Q. All right. So if you look at the first  
9 paragraph, it refers to Ocean State Buyer, LLC?  
10 A. Mm-hmm.  
11 Q. Who owns Ocean State Buyer, LLC?  
12 A. I believe that's New Harbor Fund I.  
13 Q. All right. What was Ocean State's  
14 business?  
15 A. So we owned -- we ran primary care and  
16 urgent care offices in Rhode Island.  
17 Q. Primary care, urgent care, is that it?  
18 A. Yeah.  
19 Q. All right. And just in Rhode Island?  
20 A. Just in Rhode -- we did have one office  
21 in Massachusetts.  
22 Q. Okay.  
23 A. Just over the border.  
24 Q. All right.  
25 A. In that area where it's still Rhode

1 Q. Okay. I'm going to show you Exhibit 2.  
2 Specifically, I'm referring to Page 2 of this  
3 document.  
4 A. Mm-hmm.  
5 Q. So this organizational chart, does this  
6 reflect the operational structure of Ocean State  
7 Urgent Care as it existed in 2020?  
8 A. I believe so.  
9 Q. Well, yeah, I --  
10 A. I mean, I don't know what the date is  
11 of this, so --  
12 MR. MOORMAN: You can look at the  
13 document if you need to.  
14 THE WITNESS: This is as of '18. So  
15 this is as of '18.  
16 BY MR. RENNER:  
17 Q. Right. I want to know if there were  
18 any changes since this date.  
19 A. If you have a document that you want to  
20 point me to, I'd be happy to look at that  
21 document, but as of 2018, this is what it was.  
22 Q. All right.  
23 A. I can't really respond unless I see a  
24 document related to it.  
25 Q. Well, I don't have another document,

18

20



1 but do you have any --  
 2 A. If this is the most recent one, then  
 3 this is what it was in 2020.  
 4 Q. All right. It appears to me that Ocean  
 5 State Holdings, LLC owns 100 percent of Ocean  
 6 State Buyer, LLC?  
 7 A. Mm-hmm.  
 8 Q. That's correct?  
 9 A. Yeah.  
 10 Q. And then it turned, Ocean State Buyer,  
 11 LLC owns 100 percent of Ocean State, LLC?  
 12 A. Yeah.  
 13 Q. All right. And then over to the left,  
 14 it references -- a square or a rectangle that  
 15 references 23 Ocean State companies?  
 16 A. Yeah.  
 17 Q. What are those?  
 18 A. So those are the -- those are medical  
 19 operations.  
 20 Q. Okay.  
 21 A. Right.  
 22 Q. Like the professional corporations?  
 23 A. Yeah, exactly. Like there's 23  
 24 different offices.  
 25 Q. Right.

21

1 A. And that's where those entities are, so  
 2 that's where all the clinical operations are.  
 3 Q. Like the Barrington location?  
 4 A. Yeah.  
 5 Q. The East Providence location and so  
 6 forth?  
 7 A. Yes.  
 8 Q. Okay. So these 23 -- I'll call them  
 9 PCs -- professional corporations.  
 10 A. Mm-hmm, yeah.  
 11 Q. Unless you have some other term.  
 12 A. That's fine.  
 13 Q. All right. Those -- are those their  
 14 own legally distinct entity, each one of those?  
 15 A. Yes.  
 16 Q. All right. And who owns those 23 PCs,  
 17 or who did in 2020?  
 18 A. Dr. Crausman.  
 19 Q. He owned each and every one of them?  
 20 A. And then -- well, I don't know how to  
 21 actually respond to that.  
 22 Q. Were they owned -- I guess what I'm  
 23 getting at -- were they owned by any of the  
 24 either Ocean State, LLC, Ocean State Buyer,  
 25 Ocean State Holdings?

22

1 A. No.  
 2 Q. Okay. So they were legally distinct  
 3 entities from the Ocean State Holdings, Buyer or  
 4 LLC?  
 5 A. Mm-hmm.  
 6 Q. All right. And was there payroll for  
 7 each of those 23 entities, they each did their  
 8 own -- I mean, maybe I'm wrong.  
 9 A. No, there was a centralized management  
 10 services agreement that Ocean State, LLC is  
 11 doing the management services.  
 12 So at that point they would do the  
 13 payroll for all those entities, but we still had  
 14 separate tax returns for all those entities.  
 15 They all had their own tax ID.  
 16 We had -- you know, when you, you know,  
 17 go to get reimbursement for medical, you know,  
 18 through Medicare and Medicaid, each entity was  
 19 doing that separately, and they were paid  
 20 separately, but we had a management services  
 21 company that was managing all of that side.  
 22 Q. I'm going to show you Exhibit 3,  
 23 please.  
 24 Is this the agreement you're referring  
 25 to, or is it something else?

23

1 A. I believe this is it.  
 2 Q. All right. So if you look at  
 3 Exhibit 2, there's, you know, the dotted line  
 4 between the 23 Ocean State companies and then  
 5 Ocean State, LLC?  
 6 A. Yeah.  
 7 Q. And it refers to the management  
 8 services agreement?  
 9 A. Mm-hmm.  
 10 Q. Is that Exhibit 3, is that --  
 11 A. I believe -- I believe so.  
 12 Q. Okay. So for each of the 23 entities,  
 13 they had employees, I assume, right?  
 14 A. Mm-hmm.  
 15 Q. And those employees --  
 16 A. Yes.  
 17 Q. For instance, if we take the Barrington  
 18 location, right, there were employees working at  
 19 the Barrington location?  
 20 A. Yes.  
 21 Q. And I only use Barrington, because  
 22 that's where I live, so would those employees --  
 23 would they pay directly by one of those -- like  
 24 the Barrington location or were they paid by  
 25 Ocean State, LLC?

24



1 A. We did -- we had one payroll, but I  
2 honestly can't tell you if we had -- if they  
3 were paid from an entity that was that entity or  
4 if it was paid for by the management services  
5 agreement. I just don't know.

6 Q. So I take it from Exhibit 3, the  
7 management services agreement, it's -- you know,  
8 New Harbor is providing, you know, management  
9 services, right?

10 A. No.

11 Q. No, okay. Maybe I'm mistaken then.

12 A. Ocean State, LLC is providing  
13 management services.

14 Q. Oh, I see, yeah. Never mind. I  
15 misspoke.

16 Okay. So Ocean State, LLC is providing  
17 services to the 23 entities, right and -- right,  
18 yes?

19 A. Yes.

20 Q. All right. And one of those is payroll  
21 services?

22 A. Yes.

23 Q. Okay. So who issued the W-2s for the  
24 employees of those 23 entities?

25 A. Like the company, the entity or the

1 A. I think I just answered that question  
2 already.

3 Q. Okay.

4 A. Yeah.

5 Q. So in this chart we're looking at,  
6 Exhibit 2, you know, the Ocean State --

7 A. Yeah, mm-hmm.

8 Q. I'll call it the Ocean State

9 organizational chart, which entity is the MSO,  
10 and, you know, when I refer to MSO, do you know  
11 what I'm talking about?

12 A. Mm-hmm, yeah, I believe it's Ocean  
13 State, LLC.

14 Q. Okay. So what exactly does Ocean  
15 State, LLC do?

16 A. It's the management professional  
17 services entity that provides basic operational  
18 management for all the professional services  
19 organizations; so payroll, hiring and firing,  
20 you know, negotiating benefits.

21 we centralized what's called revenue  
22 cycle management, so that's all the work to get  
23 reimbursement from third-party payors.

24 All the nonmedical basically.

25 Q. That was my next question.

25

27

1 person?

2 Q. No, no, no, not the person.  
3 I'm trying to figure out, you know, did  
4 -- say I work at the Barrington location.

5 A. Yeah.

6 Q. I don't know, I'm a -- I don't know,  
7 I'm not in the healthcare field -- medical  
8 secretary, something, if that even exists, am I  
9 paid by the Barrington location or am I paid by  
10 Ocean State, LLC?

11 A. I honestly cannot remember how we did  
12 that to be -- to be quite honest with you.

13 There was one payroll run. I just  
14 don't remember if they were paid separately out  
15 of a Barrington account or if it was coming out  
16 of, you know, just directly out of the Ocean  
17 State, LLC.

18 Q. All right. And what would you -- what  
19 document would enable you to determine which  
20 entity paid?

21 A. I guess, I'd have to see payroll  
22 records.

23 Q. All right. Does the Barrington  
24 location -- does it pay the payroll or does  
25 Ocean State, LLC?

1 A. Yeah.

2 Q. So I take it Ocean State, LLC does not  
3 actually provide medical services?

4 A. No.

5 Q. So who are Ocean State, LLC's actual  
6 employees?

7 A. Well, so there were, you know -- you  
8 know, Sarah Charette, the CFO, there was a head  
9 of HR, there was, you know, revenue cycle  
10 people, there was an IT person.

11 You know, there's a lot. I can't tell  
12 you everyone.

13 Q. Roughly, how many employees actually  
14 work for Ocean State, LLC?

15 A. Yeah, that's a good question. I don't  
16 totally know.

17 I mean, I could -- if you put the  
18 records in front of me, I could identify who  
19 was, but it was probably only -- I don't want to  
20 speculate -- but most of the 277 employees that  
21 we had were in the -- in the medical operations.

22 Q. So Exhibit 3, this services agreement,  
23 is this the document that governs the  
24 relationship between Ocean State, LLC and each  
25 one of the 23 --

26

28



1 A. I think earlier I had said that this  
2 was a professional services between the  
3 management -- the LLC and the medical entities,  
4 but I had that wrong.

5 So this is the agreement between the  
6 LLC and New Harbor.

7 Q. All right. And then Exhibit 3 in  
8 Section 4 talks about management fees?

9 A. Ah-huh.

10 Q. So those are management fees paid by  
11 Ocean State, LLC?

12 A. To New Harbor.

13 Q. Okay.

14 A. To -- it says the company shall pay to  
15 New Harbor.

16 Q. Yeah. And so is this the 2 and 20?

17 A. No.

18 Q. That's separate thing, okay.

19 So on top of the management fees that  
20 Ocean State, LLC is obligated to pay to New  
21 Harbor, what other fees, if any --

22 A. None.

23 MR. MOORMAN: Let him finish his  
24 question.

25 THE WITNESS: Oh, sorry.

1 under the management services agreements?

2 A. Well, I think I answered that  
3 previously, yeah.

4 Q. The payroll?

5 A. Payroll, you know, benefits, revenue  
6 cycle management.

7 Q. Okay.

8 A. Yeah, not everything -- everything  
9 nonmedical.

10 Q. And do you see under management  
11 services agreements, that references deficit  
12 funding loan agreements?

13 A. Mm-hmm.

14 Q. What are those?

15 A. I don't -- I do not know.

16 Q. All right. But those -- I take it from  
17 Exhibit 2, that those would be agreements  
18 between the 23 entities and Ocean State, LLC?

19 A. I'm not familiar with those agreements,  
20 so I can't really respond to that.

21 Q. All right. Let me show you Exhibit 4.

22 MR. WEEKS: Do you know the Bates of  
23 this, Eric? It just got cut off.

24 MR. RENNER: I know it got cut off  
25 because of --

33

35

1 BY MR. RENNER:

2 Q. Are there other fees -- on top of the  
3 -- I'm just trying to figure out if on top of  
4 the management fee we're talking about in  
5 Section 4 --

6 A. Yeah.

7 Q. -- are there other fees that Ocean  
8 State, LLC was obligated to pay to New Harbor?

9 A. Not that I'm aware of, no.

10 Q. All right. So you've testified that  
11 your understanding is that there are services  
12 agreements between the 23 professional entities  
13 and Ocean State, LLC, is that right?

14 A. Yeah, and I think they're pointed out  
15 right on this document.

16 Q. All right. That's the management  
17 services agreements?

18 A. Yeah.

19 Q. And can you tell me, is there a  
20 separate management services agreement for each  
21 of the 23 entities, or is there one that governs  
22 all of them?

23 A. I honestly don't know.

24 Q. All right. And what kind of services  
25 does Ocean -- or would Ocean State, LLC provide

1 THE WITNESS: I see 215 up at the top.  
2 MR. MOORMAN: This number.

3 BY MR. RENNER:

4 Q. It looks like 70004. I printed it. I  
5 didn't print it in the legal size. It's what  
6 the tif comes out as.

7 Have you ever seen this document  
8 before, sir?

9 A. No.

10 Q. All right. Well, I'll represent -- or  
11 let me know if you disagree -- but it appears to  
12 be a -- well, the PDF of it anyway -- is called  
13 NHC structure chart.

14 A. Mm-hmm.

15 Q. It looks to me to be an operational  
16 chart for the New Harbor Capital Fund, LP?

17 A. Mm-hmm.

18 Q. So is this Fund I this is talking about  
19 if you look at the names of these two entities?

20 MR. MOORMAN: Objection, foundation.

21 Just for the record, he's here to  
22 testify on behalf of Ocean State and not New  
23 Harbor.

24 If he knows, he can answer it in his  
25 personal capacity.

34

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1 Q. So Robert Crausman, is it true that you  
2 replaced him as CEO?  
3 A. No.  
4 Q. No?  
5 A. No, there was a few in between that.  
6 Q. Okay. But at some point you became the  
7 CEO?  
8 A. Yeah.  
9 Q. And were you also president?  
10 A. I didn't have that title. I was  
11 interim CEO.  
12 Q. Okay. Scott Wilson, he was one of the  
13 doctors, right?  
14 A. Yeah.  
15 Q. And then Mr. Lhee, Formolo and Pircon,  
16 they were new upper people, right?  
17 A. Yes. So Dr. Crausman and Scott Wilson  
18 were owners of the business.  
19 There were five original doctors that  
20 were owners of the business.  
21 Two of those were -- and then those two  
22 took the seats, the board seats.  
23 Q. Crausman and Wilson?  
24 A. Yeah.  
25 Q. So getting back to Exhibit 5, the org

1 agreement?  
2 Q. Well, Exhibit 6, I guess, I'll call it  
3 the Deerpath loan agreement.  
4 MR. MOORMAN: If you need a second to  
5 skim the documents.  
6 MR. RENNER: Yeah, please, don't take  
7 my word for it. I'm giving you what I  
8 understand the document to be, so if you  
9 disagree, let me know.  
10 MR. MOORMAN: It is 165 pages long, so  
11 if you need to refer back to it after you skim  
12 it, too, by all means, take your time.  
13 THE WITNESS: Okay. So it's a fourth  
14 amendment to the loan agreement, this is  
15 Exhibit 6, and so that loan agreement by and  
16 among Ocean State, LLC -- yeah, so it's a loan  
17 agreement with Deerpath.  
18 BY MR. RENNER:  
19 Q. Okay.  
20 A. The fourth amendment.  
21 Q. Was Deerpath Ocean State's only SBIC  
22 tender?  
23 A. Yes. I mean, at the time I was  
24 involved in the business. I don't know about  
25 previously.

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1 chart.  
2 A. Exhibit 5, this one? No.  
3 Q. No, the chart for Ocean State.  
4 A. Here, there we go, yeah.  
5 Q. So the board of directors, what is the  
6 responsibility of the board of directors?  
7 A. They really oversee the management of  
8 the business, to hire and fire management, to,  
9 you know, make decisions for the company.  
10 Q. So the board oversees management,  
11 ultimately, you as the CEO?  
12 A. Yes.  
13 Q. And then you in turn oversee --  
14 A. Yeah.  
15 Q. -- the under people?  
16 A. Yeah, mm-hmm.  
17 Q. All right. I'm going to show you  
18 what's been marked Exhibit 6 and 7, and I will  
19 not be going through this in depth -- so don't  
20 get nervous -- 6 is the fourth amendment and 7  
21 is the second amendment.  
22 A. To which agreement?  
23 Q. Well, I'm just saying so you know which  
24 one is 6 and --  
25 A. Yeah, but this is amendment to which

1 Q. Do you know when Ocean State originally  
2 took the loan from Deerpath?  
3 A. I believe it was, you know, when they  
4 first -- New Harbor first -- did the first  
5 transaction to partner with Ocean State.  
6 Q. What kind of funding was it from  
7 Deerpath; was it debt, equity?  
8 A. Debt.  
9 Q. When was the last time Ocean State  
10 received funds from Deerpath?  
11 A. It was before I was CEO.  
12 Q. And so what kind of debt was it; it was  
13 a revolver loan, is that a fair  
14 characterization?  
15 A. That was part of it. I think there was  
16 --  
17 Q. All right. Well --  
18 A. There was senior debt, and there was a  
19 revolver, too.  
20 Q. Okay. Can you describe for me what  
21 you're referring to?  
22 A. Well, I mean, by the time I got  
23 involved, we had maxed out the revolver, and  
24 then there was other -- you know, the original  
25 loan, you know, that was issued when they -- New

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1 Harbor did the original transaction, so --  
 2 Q. What was the amount of the loan, i  
 3 mean, ballpark?  
 4 A. Like 14 million something,  
 5 approximately.  
 6 Q. All right. And so, just so I  
 7 understand, when you say revolver, that's kind  
 8 of like a line of credit; fair?  
 9 A. Yeah, yes.  
 10 Q. All right. And then there was some  
 11 other component to the debt?  
 12 A. Yeah.  
 13 Q. What was that?  
 14 A. It was a -- it was a -- it was senior  
 15 debt.  
 16 I mean, I wasn't at the company when  
 17 that was set up, so I really can't talk to the  
 18 specifics of that.  
 19 Q. What do you mean by senior debt?  
 20 A. They -- well, it just, you know, it's  
 21 secured, right.  
 22 Q. Okay. By what, the Ocean State, LLC  
 23 assets?  
 24 A. You know, again, I wasn't at the  
 25 company when it was -- when it was originally

1 additional roughly 5 million dollar loan to  
 2 Ocean State; is that a fair characterization?  
 3 A. Again, it was all -- it was all before  
 4 I was there, so --  
 5 Q. All right. So this is dated  
 6 September 17th, 2019.  
 7 A. Okay.  
 8 Q. You were at Ocean State at the time?  
 9 A. Yeah, I was -- I was. I had just  
 10 joined, yeah.  
 11 Q. Did you have involvement in negotiation  
 12 or --  
 13 A. No.  
 14 Q. -- discussions regarding this loan  
 15 agreement?  
 16 A. No.  
 17 Q. So who was involved with this loan  
 18 agreement?  
 19 A. That would have likely been the former  
 20 CEO and the CFO and New Harbor, because New  
 21 Harbor is, you know, responsible for the, you  
 22 know, capital structure, the board is  
 23 responsible for the capital structure.  
 24 Q. Okay. And New Harbor is a guarantor  
 25 under this, right?

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1 issued, so I can't get into the specifics of it.  
 2 Q. All right. Do you know what the --  
 3 what were the terms of the funding for Deerpath?  
 4 A. I really can't respond to that either.  
 5 Q. All right. Exhibit 6 generally refers  
 6 to --  
 7 A. It's clearly in this 165-page document.  
 8 Q. And again, the document says what it  
 9 says. I'm not going to go through it with a  
 10 fine tooth comb, but it does refer to Ocean  
 11 State being in default.  
 12 What can you tell me about that?  
 13 A. We were in -- when I joined, we were in  
 14 default.  
 15 So they usually have various covenants  
 16 within these agreements that you have to  
 17 maintain, and we were not meeting those covenant  
 18 requirements, so we were in technical default.  
 19 Q. What was the nature of the default?  
 20 A. I honestly don't remember, you know,  
 21 the specifics of what -- of what the covenants  
 22 were in this agreement, but whatever the  
 23 covenants were, we weren't meeting them.  
 24 Q. It looks to me with Exhibit 6, this  
 25 fourth amendment, it looks like Deerpath made an

1 A. That's correct.  
 2 Q. All right. So fair to say in September  
 3 of 2019 Deerpath made an additional 5 million  
 4 dollar loan to Ocean State?  
 5 A. I don't believe that's right, but I'd  
 6 have to read through this whole document.  
 7 MR. MOORMAN: Take your time. If you  
 8 need to look at a document, take your time, and  
 9 if there's a part of the document that's the  
 10 source of your question, it might expedite the  
 11 process if you point to it.  
 12 BY MR. RENNER:  
 13 Q. Sure. Well, Page 30. So Section 3  
 14 talks about additional term loan, and it looks  
 15 to me -- I could be wrong -- but it looks to me  
 16 like this is New Harbor making the additional  
 17 5 million dollar loan -- I mean, excuse me --  
 18 Deerpath making roughly a 5 million dollar loan?  
 19 A. It says in an amount equal to  
 20 5.1 million to fund the revolver paydown, and  
 21 pay fees expressed as occurred in connection  
 22 with the fourth amendment.  
 23 So, I mean, this is literally two weeks  
 24 after I joined the company, so I really wasn't  
 25 involved in this.

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1 Q. Okay. All right. So if you look at  
2 Exhibit 7 then, and this is titled second  
3 amended and restated guarantee agreement.  
4 A. Okay.

5 Q. And again, this is dated  
6 September 17th, 2019?

7 A. Yeah.

8 Q. So is it -- based on your testimony a  
9 minute ago, is it fair to say that you weren't  
10 involved with kind of the negotiation of this  
11 document?

12 A. No.

13 Q. All right. Would you agree it's a fair  
14 -- it's a fair characterization that Exhibit 7  
15 is a document by which New Harbor is  
16 guaranteeing the Deerpath loan?

17 A. I believe it is, yes.

18 Q. And if you turn to Page 5, Section 3,  
19 it talks about required payments by guarantors,  
20 semicolon, guarantor capital calls?

21 A. Mm-hmm. Guarantors, so who is the  
22 guarantor?

23 Q. Well, it looks like --

24 A. New Harbor Fund, yeah, New Harbor Fund  
25 is the guarantor.

1 BY MR. RENNER:

2 Q. Okay. We talked earlier about a 5  
3 million dollar guarantee.

4 Do you recall in April, specifically  
5 April 20th of 2020, New Harbor Capital making a  
6 5 million dollar payment to Deerpath?

7 MR. MOORMAN: Objection, foundation to  
8 the extent he's asking what you remember New  
9 Harbor doing.

10 BY MR. RENNER:

11 Q. Well, do you recall -- April 20th of  
12 2020, do you recall a New Harbor Capital entity  
13 making a roughly 5 million dollar guarantee  
14 payment to Deerpath?

15 A. I honestly don't remember the timing of  
16 it.

17 I actually thought that that was --  
18 that happened in the sale when we actually sold  
19 Ocean State, and it was from the sale proceeds  
20 that that was paid, but, you know, unless you  
21 can show me a document that otherwise --

22 Q. Okay. New Harbor might be able to  
23 better answer that?

24 MR. MOORMAN: Better answer whether New  
25 Harbor made a payment?

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1 Q. So with respect to the guarantor  
2 capital calls, what is that referring to, if you  
3 know?

4 A. You know, does not have sufficient  
5 funds to pay the guarantor guaranteed obligation  
6 -- the capital call notice to each partner  
7 defined in the --

8 Q. Is it fair to say -- I mean, basically  
9 what I'm getting at is, does this give the  
10 ability of New Harbor to require its limited  
11 partners or the investors to contribute more  
12 capital?

13 A. You know, I wasn't --

14 MR. MOORMAN: Objection, foundation,  
15 same scope limitation as before.

16 THE WITNESS: Yeah, this is a New  
17 Harbor -- you know, you'll have to talk to  
18 somebody at New Harbor about this.

19 Q. Are you aware --

20 MR. MOORMAN: We've been going about an  
21 hour. Can we take a break now?

22 MR. RENNER: Sure.

23 (Whereupon, a short recess was  
24 taken.)

1 MR. RENNER: Right.

2 THE WITNESS: Yeah, I would think so.

3 BY MR. RENNER:

4 Q. So just to be clear, your testimony is  
5 you don't recall in April of 2020 whether or not  
6 New Harbor made a 5 million dollar payment to  
7 Deerpath?

8 MR. MOORMAN: Same objection with  
9 respect to the scope.

10 He can answer in his personal capacity  
11 if he knows.

12 THE WITNESS: Yeah, in my capacity as  
13 CEO of Ocean State at the time, I just honestly  
14 can't remember the timing of those, so --

15 BY MR. RENNER:

16 Q. So in this litigation you're aware  
17 Ocean State is claiming that it qualified for an  
18 exemption from the affiliation rules, because  
19 they received SBIC financing?

20 A. Yes.

21 Q. Okay.

22 A. Not claiming. That was the fact.

23 Q. Fair enough.

24 Would you agree that if Ocean State did  
25 not qualify for that SBIC exemption, that it

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1 would not otherwise have been eligible under the  
2 affiliation rules due to New Harbor's ownership?

3 A. Well, that would just be speculation,  
4 because we did.

5 Like we had an SBA loan from Deerpath,  
6 and we qualified waiving the affiliation  
7 requirements, so --

8 Q. So did you -- when I say you, I mean  
9 Ocean State -- did Ocean State undertake any  
10 analysis as to whether or not the affiliation  
11 rules would have precluded it from being  
12 eligible if the SBIC didn't apply?

13 MR. MOORMAN: Let him finish his  
14 question.

15 Are you done?

16 MR. RENNER: Yes.

17 THE WITNESS: So in the -- in the SBA  
18 loan explanations that we got from the Small  
19 Business Administration, it clearly stated in  
20 there affiliation requirements are waived if you  
21 already have credit from an SBIC accredited  
22 lender.

23 So the affiliation waived the  
24 affiliation requirements.

25 BY MR. RENNER:

1 program came out in like late March, and, you  
2 know, you were applying like a week later.

3 They had -- they had hotlines that you  
4 could call, e-mails you could send, and nobody  
5 responded to any of those. They weren't even  
6 picking up the phone.

7 So we had to go with, you know, the  
8 legal counsel we were getting and --

9 MR. MOORMAN: Don't say anything you  
10 talked about with lawyers.

11 THE WITNESS: And, you know, we had to  
12 go with, you know, our banker's advice, and all  
13 the webinars we were doing, and all the other  
14 things we were doing, and it clearly stated in  
15 the Small Business Administration explanation  
16 documents that you can qualify one of two ways;  
17 you know, you have 500 or less employees and a  
18 certain amount less revenue, and in that  
19 situation you have to identify your affiliates,  
20 or if you're already SBIC qualified, you know,  
21 getting money from an SBIC qualified lender, you  
22 can waive the affiliation requirements.

23 BY MR. RENNER:

24 Q. All right. And so if the affiliation  
25 rules weren't waived, you'd agree that there

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1 Q. Fair enough.

2 My question, though, is if the  
3 affiliation rules weren't waived, would you  
4 agree that Ocean State would not have been  
5 eligible for a PPP loan?

6 A. I mean, it --

7 MR. MOORMAN: Objection, calls for  
8 speculation, calls for a legal conclusion.

9 THE WITNESS: So again, we specifically  
10 waived the affiliation, because we had SBA  
11 lending, so there's no reason to speculate.

12 BY MR. RENNER:

13 Q. Maybe I'm not asking the question the  
14 right way.

15 Let's -- well, so is it fair to say  
16 then that because Ocean State determined that it  
17 received SBIC funding, it did not undertake any  
18 analysis as to whether or not it otherwise would  
19 have been precluded under the affiliation rules  
20 from eligibility?

21 A. So we did quite a bit of analysis and  
22 consultation with the bankers that facilitated  
23 the loan, our CFO did a whole bunch of webinars  
24 to try to understand what was going on.

25 You have to remember, the PPP loan

1 would have been more than 500 employees, right,  
2 if you take into account all of the New Harbor  
3 --

4 A. Again, I don't know why we have to  
5 speculate. That wasn't the case. They were  
6 waived.

7 Q. I know, I mean, I know that's what  
8 you're saying, but I just want to confirm,  
9 though, that if you -- if Ocean State were to  
10 have considered the employees of Ocean State  
11 combined with the various other portfolio  
12 companies owned by New Harbor, then that would  
13 have been more than the 500 employee limit,  
14 right?

15 A. Yes.

16 Q. Okay. And likewise --

17 A. And so that's why the portfolio  
18 companies we had that weren't -- that didn't  
19 have money from an SBIC lender, did not take PPP  
20 money.

21 Q. Okay. And like for the same reason you  
22 mentioned, the revenue amount would have  
23 exceeded the revenue amount allowable --

24 A. Yes.

25 Q. -- for a PPP program? Okay.

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1 A. If you included all those, although you  
 2 didn't have to include all those, because we  
 3 waived -- we were waiving the affiliation  
 4 requirements based on the SBA explanation and  
 5 regulation.

6 Q. All right. This is Exhibit 8.  
 7 Well, before we talk about Exhibit 8,  
 8 you just talked a little bit ago about the  
 9 various analyses Ocean State did prior to  
 10 applying for the loan, right, so you -- what  
 11 input did New Harbor have?

12 A. Well, again, you know, for Ocean State  
 13 to take -- to enter into any debt agreement or  
 14 credit agreement, it has to be approved by the  
 15 board, so as far as New Harbor's on the board,  
 16 they were participating in that.

17 They also, for a myriad of reasons,  
 18 right, just general management reasons, there's  
 19 always times where you're communicating with New  
 20 Harbor about things unrelated to this, and you  
 21 might share ideas among portfolio companies, so  
 22 --

23 Q. And fair to say that New Harbor did  
 24 share a whole bunch of ideas and information --  
 25 A. Well, they were trying to -- oh, sorry.

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1 Rhode Island.

2 Q. So you think it had to be physically  
 3 signed, like an electronic signature?  
 4 A. Yeah, it was physically signed, yeah.  
 5 Q. But you couldn't -- something precluded  
 6 you from signing it?

7 A. I honestly don't remember the  
 8 situation, but I gave approval for her to sign  
 9 it, so --

10 Q. All right. Did someone have to give  
 11 you approval for --

12 A. Yeah, the Ocean State --  
 13 MR. MOORMAN: Hold on one second.

14 You've got to let Mr. Renner finish.

15 THE WITNESS: Okay.

16 MR. MOORMAN: It's for the court  
 17 reporter.

18 Let him finish. Make sure he's done,  
 19 and you then you can answer the question.

20 THE WITNESS: Okay.

21 MR. MOORMAN: Go ahead, Eric.

22 BY MR. RENNER:

23 Q. Did you have to -- strike that.  
 24 Can you read back my question, please?

25

1 MR. MOORMAN: Why don't you ask your  
 2 question again.

3 BY MR. RENNER:

4 Q. So is it fair to say that New Harbor,  
 5 in fact, did share a whole bunch of advice and  
 6 information with Ocean State regarding the PPP  
 7 program?

8 MR. MOORMAN: Objection, form.

9 THE WITNESS: So it was more about --  
 10 it was more about sharing between, because all  
 11 the portfolio companies were all looking at,  
 12 okay, should we be doing this or not, and there  
 13 was more -- New Harbor was more functioning as a  
 14 conduit so that people can share what they're  
 15 discovering and what they're finding out.

16 BY MR. RENNER:

17 Q. Whose ultimate decision was it whether  
 18 or not for Ocean State to apply for the PPP  
 19 loan?

20 A. You know, myself and our CFO approved  
 21 by the board of Ocean State.

22 Q. Why didn't you sign the loan  
 23 application that's Exhibit 8?

24 A. Because it was the pandemic, and I was  
 25 in Chicago, and this had to be submitted in

1 (Whereupon, the record was read  
 2 as requested.)

3 BY MR. RENNER:

4 Q. Did someone have to give you approval  
 5 as Ocean State's CEO for Ocean State to apply  
 6 for the PPP loan?

7 MR. MOORMAN: Objection, form.

8 THE WITNESS: We had a board  
 9 resolution, so the board had to approve it along  
 10 with Deerpath, because they had rights to block  
 11 any additional debt into the business, so they  
 12 had to approve it as well.

13 BY MR. RENNER:

14 Q. All right. So I went through the  
 15 documents that have been produced, and it looks  
 16 like Deerpath was involved in Ocean State's PPP  
 17 application; is that fair to say?

18 A. They provided certification that they  
 19 were SBIC accredited, and we included that in  
 20 our application, so they had all the information  
 21 they needed to determine if we could get the  
 22 loan or not.

23 Q. I'm referring to kind of advice,  
 24 information regarding the loan.

25 A. Well, so because Deerpath was an SBIC

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1 accredited lender, many of their portfolio  
2 companies were going through the same process,  
3 so they were being helpful in providing  
4 information that they were getting, you know,  
5 again, kind of being a conduit for all their --  
6 for all their portfolio companies.

7 Q. Would you say that Deerpath supported  
8 the idea of Ocean State taking out the -- taking  
9 the PPP loan?

10 MR. MOORMAN: Objection, form and  
11 foundation.

12 THE WITNESS: So they -- you know, they  
13 provided a certification to us that we  
14 requested.

15 BY MR. RENNER:

16 Q. Right, but would you say that they  
17 wanted Ocean State to take the loan?

18 MR. MOORMAN: When you say they, you  
19 mean Deerpath?

20 MR. RENNER: Deerpath.

21 MR. MOORMAN: Objection, foundation.

22 THE WITNESS: I really can't speculate  
23 on what Deerpath was thinking.

24 I can tell you that our board approved  
25 it, and that they had rights to block it if they

1 remember. I mean, I'm not a signer to it, so --  
2 BY MR. RENNER:

3 Q. Did you have any involvement in  
4 preparing this document, and by you, I mean  
5 personally?

6 A. Well, no, I'm not a lawyer. So a  
7 lawyer would have written this document.

8 Q. Do you know who wrote this document?  
9 A. I don't.

10 Q. But you believe it was lawyers?  
11 A. I would assume so.

12 Q. Okay. You just don't -- you're  
13 assuming, you don't know?

14 A. Yeah. Well, I mean, it's -- I know  
15 this says McDermott Will and Emery on the top,  
16 so yes, I know that this was prepared by  
17 McDermott Will and Emery.

18 Q. All right. If you look at -- well,  
19 strike that.

20 All right. I'll show you Exhibit 10.  
21 A. Yeah.

22 Q. Take a minute to look at Exhibit 10,  
23 and let me know if you've ever seen this  
24 document before.

25 A. Yes, I have seen this document before.

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1 wanted to, and they didn't.

2 BY MR. RENNER:

3 Q. You mean Deerpath?

4 A. Deerpath, yeah.

5 Q. Again, you know, just based on my  
6 review of the documents that have been produced,  
7 it looks like there was a lot of e-mails going  
8 back and forth between New Harbor people and  
9 Deerpath and you regarding the PPP loan?

10 A. Yeah.

11 Q. Is that fair to say?

12 A. Yes.

13 Q. All right. So getting back to  
14 Exhibit 8.

15 A. Yeah.

16 Q. Is it correct that this is a copy of  
17 the loan, the PPP loan application that Ocean  
18 State submitted?

19 A. Yes.

20 Q. All right. I'll show you Exhibit 9.

21 Have you seen this document before, Mr.  
22 Roselli?

23 MR. MOORMAN: Take your time to review  
24 it if you need to.

25 THE WITNESS: I honestly don't

1 Q. Did you prepare this document?

2 A. Yes, I believe so, with input from  
3 others.

4 Q. And which others are you referring to?

5 A. I think Sarah Charette was involved,  
6 and, I think, there was input from some of our  
7 board members as well as New Harbor.

8 Q. Can you be more specific, like, which  
9 specific individuals at New Harbor?

10 A. Probably John Pircon had some  
11 involvement I would believe.

12 Q. Ed Lhee?

13 A. Ed Lhee probably had some review  
14 capability.

15 I pretty much wrote this myself, but I  
16 think they --

17 Q. Tom Formolo?

18 A. Likely as a board member, like all the  
19 board members reviewed it of Ocean State.

20 Q. So in Exhibit 8 --

21 A. Exhibit 8.

22 Q. -- it identifies 277 employees --

23 A. Yeah.

24 Q. -- that Ocean State, LLC was using to  
25 calculate the average payroll, right?

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1 A. Yes.

2 Q. So we -- I mean, we went through this  
3 before, but those 277 employees, those are not  
4 just employees of Ocean State, LLC, but that  
5 also includes 23 professional entities, right?

6 A. Yes.

7 Q. Okay.

8 MR. MOORMAN: Eric, could we take a  
9 break real quick?

10 I think this document has a missing  
11 redaction on it, and I just want to confirm  
12 whether this has to be clawed back.

13 I think there were other versions of  
14 this document that correctly redacted a portion  
15 that's not redacted in this version of the  
16 document.

17 Can we take a quick break?

18 MR. RENNER: Yes.

19 (Whereupon, a short recess was  
20 taken.)

21 MR. MOORMAN: All right. We're back on  
22 the record.

23 Ocean State is clawing back Exhibit 10,  
24 which is PPPLITDEFS\_00074573, because there was  
25 a portion of it that should have been redacted

1 BY MR. RENNER:

2 Q. All right. Mr. Roselli, you have  
3 before you now what's Exhibit 20?

4 A. Mm-hmm, yes.

5 Q. And this is the redacted version of the  
6 May 7, 2020 Ocean State memo, right?

7 A. Yes.

8 Q. All right. I also want to refer you  
9 back to Exhibit 8, which is the PPP application.

10 A. Yes, yes.

11 Q. So you see here Ocean State lists  
12 1,263,920 for the average monthly payroll; do  
13 you see that?

14 A. Yes.

15 Q. All right. And again, I don't want to  
16 have you restate your testimony, but that's the  
17 payroll for the 277 employees that you testified  
18 includes -- also includes the 23 professional  
19 corporations?

20 A. Yes.

21 Q. All right. So this 1.263 million  
22 number that's in Exhibit 8, so is it correct to  
23 say this payroll does not all relate to Ocean  
24 State, LLC payroll; is that fair?

25 MR. MOORMAN: Objection, form.

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1 for legal advice.

2 This is an Ocean State memo drafted by  
3 John Roselli.

4 We've since provided to Mr. Renner  
5 another version of this document that contains  
6 the proper redaction.

7 I don't know if you want to introduce  
8 that as Exhibit 11 or a new Exhibit 10, it's up  
9 to you.

10 MR. RENNER: Yeah, I'll make it  
11 Exhibit 20 just because that's what -- rather  
12 than having to review all the exhibits.

13 (Whereupon, ROSELLI Deposition  
14 Exhibit No. 20 was marked for  
15 identification.)

16 MR. RENNER: All right. Do you have  
17 anything else?

18 MR. MOORMAN: No.

19 MR. RENNER: All right. I'm just going  
20 to state for the record, and reserve my  
21 objection to challenge the clawback and dispute  
22 whether or not the document contains privileged  
23 work product information. I'm just reserving  
24 that right.

25

1 THE WITNESS: It's the payroll of all  
2 the employees of the Ocean State, LLC and all  
3 the employees of the -- of the medical  
4 companies.

5 BY MR. RENNER:

6 Q. All right. And so Ocean State, LLC  
7 aggregated that payroll together to come up with  
8 the number claimed in Exhibit 8?

9 A. Yes.

10 MR. MOORMAN: Objection, form.

11 BY MR. RENNER:

12 Q. Yes?

13 A. Yes.

14 Q. What analysis, if any, did Ocean State,  
15 or anyone on its behalf, undertake to determine  
16 the propriety of aggregating that payroll?

17 A. Well, since the inception of this  
18 structure of the business, you know, with New  
19 Harbor partnering with the former owners, that  
20 was the structure that they always paid the  
21 payroll.

22 Like the medical companies, they  
23 effectively had no real bank accounts. It was  
24 all held at the Ocean State, LLC level.

25 Ocean State paid all their bills and

66

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1 all their, you know, payroll and everything,  
2 right.

3 Q. But you testified earlier that Ocean  
4 State, LLC, you know, provided as part of its --  
5 under its management services --

6 A. Yeah.

7 Q. -- agreement, it provided payroll  
8 services, right?

9 A. Yeah.

10 MR. MOORMAN: Let him finish the  
11 question.

12 BY MR. RENNER:

13 Q. Right, but the payroll itself -- I  
14 understand that Ocean State, LLC, you know,  
15 helped out with that -- but ultimately, you  
16 know, the payroll was the responsibility for the  
17 23 entities, right?

18 MR. MOORMAN: Objection.

19 BY MR. RENNER:

20 Q. Taking out -- stripping out, you know,  
21 actual Ocean State, LLC employees, getting back  
22 to like Barrington, the Barrington location  
23 example, right, you know, it's that Barrington  
24 PC that's responsible for paying its employees,  
25 right?

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1 but it was -- I can tell you how the money  
2 flowed.

3 BY MR. RENNER:

4 Q. Yeah, sure, please.

5 A. You get -- you get payments from  
6 third-party payors that come into the each 23  
7 different entities, right.

8 Q. Like insurance companies, what do you  
9 mean?

10 A. Yeah, I mean, that's -- if you're a --  
11 I mean, I don't need to get into the specifics  
12 of the physician practice, you can do that on  
13 your own, but you get, you know, the third-party  
14 payors, that's who pays for all this is all the  
15 insurance companies, they pay the 23 entities,  
16 right.

17 We're actually managing that at the LLC  
18 level, because we have revenue cycle management  
19 people that manage all that, but they're -- you  
20 know, it's under the tax -- individual tax IDs  
21 of all those different entities. The money  
22 flows into the accounts of those different  
23 entities, but then it's all transferred up to  
24 the LLC entity that pays everything, right.

25 Q. The LLC basically facilitates payment

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1 MR. MOORMAN: Objection, form.

2 THE WITNESS: I mean, the structure was  
3 set up such that the LLC would do -- would  
4 manage all the nonmedical, and so as I talked  
5 about earlier, payroll benefits, you know, they  
6 managed all that, and they paid all that, right,  
7 and so there were collections, you know, from  
8 third-party payors in the world of a physician  
9 practice, collections were done by the 23  
10 entities, but that money coming in was  
11 ultimately always transferred up to the LLC, and  
12 then all the bills and all the payroll and  
13 everything was paid out of that LLC.

14 BY MR. RENNER:

15 Q. I guess --

16 A. For all -- for all employees of that --  
17 of those medical companies.

18 Q. I guess, what I'm trying to figure out  
19 is, at the end of the day, whose money was  
20 paying that Barrington employee; was it the  
21 Barrington practice's or was it Ocean State,  
22 LLC's money?

23 MR. MOORMAN: Objection, form.

24 THE WITNESS: Yeah, I mean, I don't  
25 know if I can get into the legal side of things,

1 for the 23 entities, correct?

2 MR. MOORMAN: Objection, form.

3 BY MR. RENNER:

4 Q. Correct?

5 A. Yes.

6 Q. Okay. Why didn't each of those 23  
7 entities apply for a PPP loan itself as opposed  
8 to Ocean State, LLC?

9 A. Because they were, one, they're just  
10 medical offices. They don't have any financial  
11 resources to do that, right, and --

12 Q. What do you mean by that?

13 MR. MOORMAN: Let him -- let him finish  
14 his answers, too.

15 THE WITNESS: They're doctors, and  
16 they're physician assistants, so the structure  
17 is, is that you have a management company that  
18 manages all the business capabilities and the  
19 nonmedical, as I've talked about a couple times  
20 now, and, you know, so that's the structure of  
21 it.

22 BY MR. RENNER:

23 Q. That was the structure imposed by New  
24 Harbor?

25 MR. MOORMAN: Objection, form.

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1 respiratory services.  
 2 We got designated by the state of Rhode  
 3 Island as our respiratory services care offices,  
 4 like, five or six of our locations, and so we  
 5 provided -- we were providing COVID testing,  
 6 and, I think, at one point we were the largest  
 7 provider of COVID testing in Rhode Island, but,  
 8 you know, that didn't reimburse very well, so  
 9 our revenues dropped, if I remember correctly,  
 10 by about half from the previous year, so it was  
 11 a very clear need.

12 If we didn't get that loan, we were  
 13 going to be closing entirely.

14 Q. To be clear, I'm talking about before  
 15 the April 3rd, 2020 application.

16 A. Yeah, that's what I just explained to  
 17 you.

18 Q. I just want to understand.

19 I'm talking about analysis that was  
 20 performed before the application.

21 A. And that's what I just explained to  
 22 you.

23 Q. Okay. Did Ocean State, or anyone on  
 24 its behalf, reach out to any banks to see if it  
 25 could obtain a loan?

1 Q. And was that communicated to Ocean  
 2 State or someone at New Harbor?

3 A. Ocean State.

4 Q. So was that communicated to you  
 5 personally?

6 A. Yes.

7 Q. All right. So someone from Deerpath --  
 8 you asked someone from Deerpath -- let me finish  
 9 --

10 A. Yeah.

11 Q. You -- is it your testimony that you  
 12 went to Deerpath, and said, hey, Deerpath, you  
 13 know, we want to reach out to see about getting  
 14 a loan from a bank to, you know, fulfill our  
 15 needs during COVID, and Deerpath responded that  
 16 they were vetoing you doing that?

17 A. So from the time I joined Ocean State,  
 18 we hadn't paid Deerpath any interest. We were  
 19 in technical default, and I was having weekly --  
 20 I had a weekly call with the representative from  
 21 Deerpath, Mauricio, we just talked through how  
 22 the business was going, you know, were we making  
 23 progress on the turnaround, so various times  
 24 throughout those weekly calls for, you know,  
 25 months and months, I'm sure we discussed that at

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1 A. So as I explained earlier, Deerpath was  
 2 our senior lender.

3 They had veto rights on any additional  
 4 debt we could take.

5 They had told us you can't take  
 6 additional debt, so what would have been the  
 7 point of reaching out to other banks?

8 Q. So no was the answer?

9 A. No.

10 MR. MOORMAN: No wasn't his answer.

11 He explained his answer, which was they  
 12 couldn't reach out to other banks.

13 BY MR. RENNER:

14 Q. All right. Did you ask Deerpath, hey,  
 15 Deerpath --

16 A. Yes.

17 Q. -- can we reach out to other banks?

18 A. Yes.

19 Q. And what -- their answer was no?

20 A. There answer was no.

21 Q. And why was their answer no? What  
 22 answer was given to you?

23 A. I can't give you their reasoning.

24 I can just tell you that they had the  
 25 right to say no, and they said no.

1 some point. I can't recall exactly.

2 Q. But I'm saying -- my question is kind  
 3 of a specific timeframe, though, it's, you know,  
 4 March is, you know, COVID comes along, and then  
 5 that timeframe between onset of COVID in March  
 6 and --

7 A. Yeah.

8 Q. -- then the April 3rd, 2020  
 9 application, did you reach out to Deerpath and  
 10 inquire whether they would allow Ocean State to  
 11 take a loan from another bank?

12 A. Again, I was talking to Mauricio  
 13 weekly, so during that time, yes, we probably  
 14 discussed that.

15 Q. Again, are you speculating or can you  
 16 recall a specific conversation?

17 MR. MOORMAN: Objection, asked and  
 18 answered.

19 THE WITNESS: Yeah, I think, I answered  
 20 your question.

21 BY MR. RENNER:

22 Q. You probably did. Is that what you're  
 23 saying?

24 A. I've answered your question.

25 Q. You haven't answered my question, sir.

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1 MR. MOORMAN: You can provide another  
 2 answer. It's up to you.  
 3 why don't you read the question back,  
 4 and you can answer the question.

5 (Whereupon, the record was read  
 6 as requested.)

7 THE WITNESS: Again, I had weekly  
 8 discussions with him.

9 we had discussed -- we discussed this a  
 10 number of times.

11 we weren't paying our interest at the  
 12 time, and hadn't for months, and, like, on my  
 13 weekly call, did I ask them every time will you  
 14 let us borrow money, more money, I'm sure we  
 15 discussed that at various points.

16 BY MR. RENNER:

17 Q. But again, you don't have a specific  
 18 recollection?

19 MR. MOORMAN: Are you -- he answered  
 20 this question.

21 Are you asking him, like, does he  
 22 remember the date and time of the conversation?

23 MR. RENNER: No, I'm trying to -- so  
 24 COVID --

25 MR. MOORMAN: He said -- he said it

1 weekly, but I'm sure we had that discussion.

2 Q. But you can't point to a specific  
 3 conversation; is that fair to say?

4 MR. MOORMAN: Asked and answered.

5 He's told you that he is sure he had  
 6 that specific conversation three times.

7 BY MR. RENNER:

8 Q. So Exhibit 20 is the memo you prepared  
 9 dated May 7, 2020, right?

10 A. Yeah.

11 Q. Are there any other memos prepared  
 12 similar to this prior to May 7?

13 A. Well, we had a number of drafts if  
 14 that's, you know -- but this is the -- I believe  
 15 this is the final version.

16 Q. All right. Getting back. So we talked  
 17 about obviously conversations with Deerpath  
 18 about reaching out to banks, right?

19 A. Mm-hmm.

20 Q. Did -- was there any thought given to  
 21 New Harbor Capital going to its investors for  
 22 funds?

23 A. Yes.

24 Q. Okay. And can you describe for me  
 25 those conversations or that thought process?

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1 three times, Eric, I talked about this with  
 2 Mauricio on our weekly calls.

3 MR. RENNER: He didn't say -- he  
 4 probably -- he said he probably talked to him.

5 THE WITNESS: I did talk to him about  
 6 that.

7 BY MR. RENNER:

8 Q. About what?

9 A. That could we borrow more money, and  
 10 the answer was no.

11 Q. But was this after the onset of COVID?

12 A. why would that have changed anything?

13 Q. Well, it would have changed anything in  
 14 this way.

15 So COVID comes along, right, Ocean  
 16 State has a choice, it can apply for a PPP loan  
 17 or it can first go to Deerpath, and say, hey --

18 A. Yeah.

19 Q. -- can we reach out to one of our  
 20 banks, or a bank, and get a loan instead of  
 21 taking PPP money, I'm trying to figure out if  
 22 you had that discussion with Mauricio.

23 A. I'm sure I did.

24 I mean, I can't remember specific  
 25 discussions I had since I was talking to him

1 A. Well, as we talked about earlier, they  
 2 had -- in September there was additional funding  
 3 from Deerpath, and then there was a guarantee  
 4 that New Harbor provided on some of that, and at  
 5 that point they -- it was clear that -- and they  
 6 said specifically -- this is the last thing we  
 7 can do.

8 Q. And who is they?

9 A. Both Deerpath and New Harbor.

10 Q. Okay.

11 A. Both of them.

12 Q. So we talked about Deerpath, right?

13 A. Yeah.

14 Q. So New Harbor, you, John Roselli, as  
 15 Ocean State CEO, did you have discussions with  
 16 anyone from New Harbor about obtaining money  
 17 from investors.

18 A. Yes.

19 Q. Okay. And what were those discussions?

20 A. So, you know, with John Pircon and Ed  
 21 Lhee, we talked about could we, you know, get  
 22 more equity infusion into the business from New  
 23 Harbor at any point, and those discussions  
 24 happened in September after we did the  
 25 guarantees, and they were, like, that's it, we

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1 can't do any more.  
 2 Q. Okay. But specifically, the timeframe  
 3 March, April, May of 2020, were those  
 4 conversations --

5 A. Yes.

6 Q. -- that took place?

7 A. Yes.

8 Q. Okay. And those conversations, can you  
 9 describe those for me?

10 A. Well, I mean, we -- you know, I had  
 11 weekly calls with the New Harbor teams, so  
 12 during those calls, we would talk about other  
 13 sources of funding, and they said numerous times  
 14 New Harbor cannot provide any more equity.

15 Q. Why?

16 MR. MOORMAN: Why did they say or why  
 17 couldn't New Harbor, because there's a  
 18 foundation objection to the latter?

19 BY MR. RENNER:

20 Q. Why did they say?

21 A. Why did they say, I mean, so --

22 MR. MOORMAN: Objection, form.

23 THE WITNESS: You know, the business  
 24 had struggled for a very long time, and they  
 25 were trying to support it as much as they could,

1 Q. Prior to the April 3rd, 2020 PPP  
 2 application, did Ocean State undertake any kind  
 3 of formal cash flow analysis in connection with  
 4 its need-based analysis?

5 A. So cash was very tight, so we managed  
 6 cash -- we actually did a daily cash analysis,  
 7 daily and weekly analysis, so yeah, we were  
 8 doing it a lot.

9 Q. And was a cash flow analysis conducted  
 10 specific -- specifically in connection with the  
 11 decision process whether or not to apply for a  
 12 PPP loan?

13 MR. MOORMAN: Objection, form.

14 THE WITNESS: I mean, since we were  
 15 doing daily and weekly, there -- we didn't have  
 16 to do a specific analysis for a PPP loan. We  
 17 were doing it on a daily basis already, we did  
 18 have to -- oh, never mind, strike that.

19 MR. MOORMAN: That's the first time  
 20 that's ever happened.

21 BY MR. RENNER:

22 Q. This is the first time I'll ask this.  
 23 What were you just about to say?

24 A. Nothing.

25 Q. Nothing?

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1 but ultimately, you know, they have a fiduciary  
 2 duty to their investors, and they had determined  
 3 that they had invested as much as they could,  
 4 and any more dollars invested would have not  
 5 been a good investment for their investors, so  
 6 they determined not to provide funding.

7 BY MR. RENNER:

8 Q. And who did you have those  
 9 conversations with?

10 A. John Pircon and Ed Lhee.

11 Q. Anyone else?

12 A. I don't believe so.

13 Probably other board members, too,  
 14 because these were discussions that probably  
 15 happened in board meetings.

16 Q. Ocean State board members?

17 A. Ocean State board members, right.

18 Q. So, I mean, there's only so many of  
 19 them.

20 That would Tom Formolo, did you have  
 21 conversations with him?

22 A. Not directly.

23 Ed was the lead partner, and John  
 24 Pircon was vice president on it, so I would have  
 25 had discussions with them directly.

1 A. Mm-hmm.

2 Q. Okay. You said we did have to, and  
 3 then we stopped. What were you going to say?

4 A. Nothing.

5 Q. All right. I'll show you Exhibit 11.  
 6 Do you recognize this document, sir?

7 A. Yes.

8 Q. All right. And why does this document  
 9 have a Blueprint letterhead?

10 A. So Blueprint had worked on a similar  
 11 document, and we were just -- we were just  
 12 borrowing this first paragraph on there from  
 13 them, and -- because everything else is totally  
 14 related to Ocean State, we just -- there was  
 15 just some good language that I wanted to use,  
 16 and I had seen this, so I just, you know,  
 17 borrowed it, and we do that in the private  
 18 equity world. There's constantly sharing among  
 19 companies for various things, not even related  
 20 to financial.

21 Q. So just the first paragraph --

22 A. Yeah.

23 Q. -- that you borrowed from Blueprint?

24 A. It might be -- let me just keep going.  
 25 Yeah, probably just that.

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1 rapidly. So we had discussions with our board,  
 2 and there were sort of verbal approval to move  
 3 forward, but, you know, we needed to move  
 4 quickly to get this done, and so we determined  
 5 to do the unanimous board consent documentation  
 6 of it post doing the actual loan.

7 Q. All right. So in the fourth whereas  
 8 paragraph, Page 1; do you see that?

9 A. Yeah.

10 Q. It references an April 4th, 2020  
 11 letter?

12 A. Mm-hmm.

13 Q. That it says the board carefully  
 14 reviewed?

15 A. Mm-hmm.

16 Q. Do you know when the board reviewed  
 17 that April 4, 2020 letter; was it in May or was  
 18 it back in April before the application?

19 A. I honestly can't remember that.

20 Can I see the letter? Do you have the  
 21 letter in your -- in the documentation?

22 Q. I do. I have one copy of it, but I'll  
 23 show it to you.

24 I think I brought a copy of it. You  
 25 know what, I have notes on this, so I'm not

1 assume.

2 At the time of this written consent, do  
 3 you know whether or not you had written your  
 4 May 7th memo?

5 A. You know, this is not a signed  
 6 document, so I don't know when it was signed.

7 Q. Well, it's signed, and I only brought  
 8 one copy, but there are several versions each  
 9 signed by --

10 A. No date.

11 Q. There is not a date, but this one, for  
 12 instance, is signed by Tom Formolo, but I'll  
 13 represent to you there are other versions signed  
 14 by other board members.

15 A. Okay. But there's no date on this  
 16 document.

17 Q. There's not.

18 A. So I need to see a date in order to,  
 19 you know, understand when it was signed.

20 Q. So you don't -- you don't know one way  
 21 or another whether or not this is before or  
 22 after your May 7th memo?

23 MR. MOORMAN: Objection, form.

24 THE WITNESS: It's not a signed  
 25 document.

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1 going to give it to you.

2 MR. MOORMAN: That's fine.

3 BY MR. RENNER:

4 Q. All right. So do you know -- are you  
 5 familiar with this April 4th, 2020 letter that's  
 6 being referenced, do you know what that letter  
 7 is?

8 A. I do not, but I'm happy to look at it.

9 Q. I didn't bring it as an exhibit today,  
 10 so we'll have to ask someone else.

11 MR. MOORMAN: Just so we're clear --

12 THE WITNESS: I'm sure I've seen the  
 13 letter, but I need to see it in front of me in  
 14 order to talk intelligently about it.

15 BY MR. RENNER:

16 Q. All right. All right. Exhibit 12 also  
 17 references on Page 2 your May 7th memo?

18 A. Yeah. Where do you see that?

19 Q. It's on Page 2. It's the fifth whereas  
 20 paragraph.

21 A. Okay. And there's an exhibit, was it  
 22 attached, it says Exhibit B?

23 Q. Well, it says a PPP qualification and  
 24 needs memo, which I can only assume is referring  
 25 to your -- you know what, I'm not going to

1 MR. MOORMAN: Hold on. Objection,  
 2 objection to form.

3 Why don't you restate the question.

4 BY MR. RENNER:

5 Q. Well, I'm trying to figure out,  
 6 right -- so Exhibit 20 is your memo that we  
 7 talked about, right, the May 7th --

8 A. Yeah.

9 Q. -- 2020 memo?

10 A. Yeah.

11 Q. I'm trying to figure out whether or not  
 12 this -- I'm trying to figure out whether  
 13 Exhibit 20 was prepared before or after  
 14 Exhibit 12 was signed, and Exhibit 12, as you  
 15 noted, does not have a date on it, so I don't  
 16 know when it was prepared. I'm asking -- I'm  
 17 trying to get that from you.

18 A. Well, I didn't prepare this document,  
 19 so it's very hard for me to speculate when it  
 20 was prepared.

21 I reviewed it, and I'm sure -- and it  
 22 was signed and dated at some point, but this --  
 23 the exhibit you're showing me is not dated.

24 Q. This is the exhibit that I was given,  
 25 so that's what I have.

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1 A. And so I don't think I can respond to  
2 your question.  
3 Q. Okay. All right. I'm showing you  
4 Exhibit 13. Have you seen this document before,  
5 sir?  
6 A. Yes, I have seen this document.  
7 Q. All right. This is dated April 20,  
8 2020, right?  
9 A. Yes, it is.  
10 Q. All right. So you testified earlier  
11 about, you know, Deerpath vetoing Ocean State  
12 taking on another loan from a bank, right?  
13 A. Yes.  
14 Q. Why did Deerpath allow Ocean State to  
15 take out a PPP loan?  
16 MR. MOORMAN: Objection, foundation.  
17 BY MR. RENNER:  
18 Q. Or what reason was given by Deerpath?  
19 A. Well, at the time the CARES Act was  
20 created, and we were eligible for -- the  
21 business was eligible for the loan, and so  
22 Deerpath approved it.  
23 I can't get into why they did that.  
24 That's their decision, but they did.  
25 Q. Okay. Did they ever give you an

1 A. I don't.  
2 Q. You don't, is that the answer?  
3 A. I don't.  
4 Q. Is there any reason why New Harbor  
5 didn't make a payment in the amount of 5 million  
6 dollars, or some lesser amount, to Ocean State  
7 that could have been used by Ocean State to fund  
8 its ongoing operations?  
9 MR. MOORMAN: Objection, foundation.  
10 THE WITNESS: Yeah, I can't respond on  
11 New Harbor's rationale.  
12 BY MR. RENNER:  
13 Q. Well, this is a loan agreement which  
14 Ocean State is a party, right?  
15 A. Yes.  
16 Q. And you were at this time the CEO of  
17 Ocean State, right?  
18 A. Mm-hmm.  
19 Q. So I take it you must have been aware  
20 of the fifth amendment to the loan agreement  
21 that's Exhibit 13, right?  
22 A. Yes.  
23 Q. All right. But what involvement, if  
24 any, did you have in this loan agreement?  
25 A. Well, you know, I worked with Deerpath

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1 explanation about their decision?  
2 A. They provided a certification that, you  
3 know, they were SBIC qualified lender, but no,  
4 they didn't.  
5 Q. Well, no, but didn't Ocean State -- it  
6 had to go and get approval from Deerpath to take  
7 out the PPP loan, right?  
8 A. Correct.  
9 Q. All right. And what reason, if any,  
10 was given by Deerpath to Ocean State as to why  
11 it was allowed -- why Deerpath was allowing  
12 Ocean State to take out a PPP loan?  
13 A. We were eligible, and they said yes,  
14 you can do it.  
15 Q. Nothing else?  
16 A. Nothing else.  
17 Q. All right. Exhibit 13, the first page,  
18 if you look at Recital C.  
19 A. Mm-hmm.  
20 Q. It references a 5 million dollar  
21 payment from New Harbor to Deerpath; do you see  
22 that?  
23 A. Yes.  
24 Q. Do you recall the details surrounding  
25 that 5 million dollar payment?

1 and New Harbor to put this together.  
2 You know, we had lawyers obviously  
3 document the whole thing.  
4 Q. You signed this document, though,  
5 right?  
6 A. Yeah.  
7 Q. And if you look at Bates 74126, that's  
8 your signature?  
9 A. Mm-hmm.  
10 Q. All right. So you signed the document,  
11 and on Page 1 it references a 5 million dollar  
12 payment from New Harbor to Deerpath, right?  
13 A. Yeah.  
14 Q. All right. I'm just trying to get from  
15 you the details of that 5 million dollar  
16 payment, why it was made, if you know?  
17 MR. MOORMAN: Objection, form and  
18 foundation.  
19 THE WITNESS: So in this document  
20 Deerpath is consenting to the PPP loan. That's  
21 on Item D.  
22 BY MR. RENNER:  
23 Q. But really what I'm trying to figure  
24 out is why was it that New Harbor chose to pay 5  
25 million dollars to Deerpath as opposed to paying

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1 that money to Ocean State, and help out Ocean  
2 State during COVID?  
3 MR. MOORMAN: Objection, foundation,  
4 and scope to the extent you're asking for New  
5 Harbor's rationale, and I also object, I think,  
6 you're misstating what this agreement -- what is  
7 happening in this agreement.

8 BY MR. RENNER:

9 Q. Guarantors, the guarantors are who?

10 A. I'm going to have to read this really  
11 closely.

12 MR. MOORMAN: While he's reading it, is  
13 this the amendment that relates to the same  
14 series of amendments that you showed him dated  
15 back to 2019?

16 MR. RENNER: Yes.

17 THE WITNESS: Yes, exhibit -- fourth  
18 amendment.

19 MR. MOORMAN: And is there -- was this  
20 the original guarantee or were there guarantees  
21 before this?

22 MR. RENNER: That would be a stated  
23 guarantee, and I assume that there is reference  
24 to a document.

25 MR. MOORMAN: Okay.

1 A. But again, the guarantors are Ocean  
2 State.

3 New Harbor isn't a party to this  
4 agreement.

5 Q. Okay. So then -- well, it refers to  
6 Ocean State Holdings, right?

7 A. Mm-hmm.

8 Q. Okay. So then why didn't Ocean State  
9 Holdings make a payment to fund Ocean State, LLC  
10 to help out during COVID?

11 MR. MOORMAN: Again, objection,  
12 foundation.

13 He's here to discuss the reasons,  
14 perspectives of why Ocean State, LLC, the  
15 defendant in this case, not why any of the New  
16 Harbor entities did anything.

17 I also continue to object to the  
18 characterization that this was a 5 million  
19 dollar payment, the obligation of which is  
20 stated here.

21 BY MR. RENNER:

22 Q. So are you able to testify as to  
23 details concerning this 5 million dollar payment  
24 referenced in Exhibit 13?

25 A. I would need to read through the entire  
101  
103

1 THE WITNESS: So the guarantors are all  
2 the various Ocean State entities; Ocean State,  
3 LLC, Ocean State Holdings.

4 BY MR. RENNER:

5 Q. So you're saying that the guarantors  
6 are not Deerpath -- I mean, excuse me, strike  
7 that.

8 The guarantors, your understanding is  
9 that that doesn't refer to New Harbor?

10 A. I don't see New Harbor referenced here  
11 in the first paragraph at all.

12 Q. All right. So then by that, is Ocean  
13 State making the 5 million dollar payment?

14 MR. MOORMAN: Objection again to the  
15 extent that it mischaracterizes this series of  
16 documents.

17 BY MR. RENNER:

18 Q. I'm just trying to figure out who made  
19 this 5 million dollar payment to Deerpath.

20 A. I'm going to have to read this  
21 document, like, the whole document to understand  
22 it, so if you would like me to do that, I can.

23 Q. You know, I mean, it sounds like we  
24 might need to ask New Harbor, they might be able  
25 to --

1 -- not only this fifth amendment -- but all  
2 other amendments to really get a full  
3 understanding of this.

4 Q. As you sit here today, do you have a  
5 recollection of the details concerning this 5  
6 million dollar payment in April of 2020?

7 A. I don't have a recollection of this.

8 Q. Okay.

9 A. I -- yeah.

10 Q. All right. I'll show you Exhibit 14,  
11 and just let me know if you recognize this  
12 document.

13 A. I would really have to just read  
14 through this whole document to understand it and  
15 recollect.

16 Q. All right. But as you sit here today,  
17 you don't have an independent recollection of  
18 this document?

19 A. No.

20 Q. Okay. So I want to refer --

21 MR. MOORMAN: You can stop reading the  
22 document. He's going to ask you questions.

23 BY MR. RENNER:

24 Q. So I want to refer you back to March  
25 and April of 2020, that timeframe.

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1                   **Was Ocean State, LLC, was it ordered by**  
 2                   **any kind of governmental entity to shut down?**  
 3                   A. Well, I think there was -- there was --  
 4                   you know, at the time Rhode Island had their  
 5                   state requirements about how you could operate a  
 6                   doctor office.

7                   Initially, you had to -- what I do --  
 8                   what I recollect is it took them a few weeks to  
 9                   come out with pronouncements about how you could  
 10                  operate in certain settings, and they had  
 11                  guidelines around a doctor's office setting, and  
 12                  yeah, so we had requirements from the state of  
 13                  Rhode Island.

14                  **Q. But did Ocean State ever have to**  
 15                  **actually shut down and close its operations?**

16                  A. No.

17                  **Q. What were the relevant industry trends**  
 18                  **for Ocean State's line of business as of April**  
 19                  **2020?**

20                  MR. MOORMAN: Objection to foundation.  
 21                  THE WITNESS: I don't have any trend.

22                  BY MR. RENNER:

23                  **Q. Well, what was the general -- in March**  
 24                  **and April of 2020, what was the general outlook**  
 25                  **for, you know, the healthcare industry?**

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1                   companies.

2                   You have charges that you set, you  
 3                   know, as provider, and you submit those claims.  
 4                   The insurance companies might have a  
 5                   negotiated rate, might not.

6                   They'll come back to you for that  
 7                   claim, that code, we pay this much, and it might  
 8                   be 30 percent under what you actually, you know,  
 9                   charge.

10                  I think, if I remember correctly, with  
 11                  Ocean State, we had about -- it was from charges  
 12                  to actual collections, there was like a  
 13                  30 percent, 35 percent discount from that.

14                  **Q. Yeah, maybe I didn't word my question**  
 15                  **correctly.**

16                  **When I'm referring to collections, I**  
 17                  **mean, like, actually getting the money from the**  
 18                  **insurance company.**

19                  A. Yeah.

20                  **Q. They might mark it down, but they**  
 21                  **always pay, right?**

22                  A. No.

23                  **Q. No?**

24                  A. No, you've got to -- you've got to --  
 25                  yeah, I mean, there's -- it's a lot of work to

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1                  A. You know, I didn't get sort of trend  
 2                  information from anywhere.

3                  I mean, you know, it's healthcare,  
 4                  right, everybody needs healthcare all the time,  
 5                  so -- but as far as like did I get trend  
 6                  analysis from various research organizations,  
 7                  no, I haven't -- I didn't see that at that time.

8                  **Q. What were Ocean State's revenues driven**  
 9                  **by, like, you referenced third-party payors**  
 10                 **before, you know, is that largely from insurance**  
 11                 **companies, private individuals or something**  
 12                 **like --**

13                  A. Well, revenue is driven by patient  
 14                  visits, right, so patients come in, and most  
 15                  patients have insurance, they provide us their  
 16                  insurance information, and they might have a  
 17                  co-pay, so they pay their co-pay, and then you  
 18                  will create a claim for their visit, and you put  
 19                  the claim through a clearinghouse, and those go  
 20                  out to their insurance companies, and then the  
 21                  insurance companies ultimately pay back to the  
 22                  business based on the negotiated rate, right.

23                  **Q. What about collections, are collections**  
 24                  **an issue with insurance companies or not?**

25                  A. Yes, it can be an issue with insurance

1                  manage the revenue cycle side of a physician  
 2                  practice group, and, you know, you've got to  
 3                  always be following up, and they often will come  
 4                  back and not pay on claims, and then you have to  
 5                  go back and forth with them, and, you know,  
 6                  fight over that.

7                  You might have miscoded something, they  
 8                  might have misread something, you know, and you  
 9                  just kind of -- and then sometimes you have to  
 10                 write things off.

11                  **Q. As of March 31, 2020, how much cash did**  
 12                 **Ocean State have on hand?**

13                  A. As of what date?

14                  **Q. March 31, 2020.**

15                  A. You know, you're going to --

16                  **Q. I mean, I'm not asking to the penny,**  
 17                  **but if you have an idea.**

18                  A. I mean, approximately, I would say we  
 19                  had maybe \$500,000 on hand. This is prior to  
 20                  getting the PPP loan.

21                  **Q. Right.**

22                  A. I think I saw documents earlier at some  
 23                  point we had about 350. I don't know if it was  
 24                  that date. It was around the date that we got  
 25                  the PPP loan.

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1 MR. MOORMAN: Objection. He can answer  
2 the question if he knows in his personal  
3 capacity, but not on behalf of -- he's not here  
4 to testify on behalf of New Harbor.

5 THE WITNESS: Yeah, so I'm not -- I  
6 can't really respond to New Harbor's  
7 perspective, but typically, what they would do  
8 is just have any business that was kind of  
9 reaching -- you know, typically we own a  
10 business for five years or more, and so you'd  
11 have stuff in there that is around that vintage,  
12 and, yeah, so --

13 BY MR. RENNER:

14 Q. So are you aware whether as of March  
15 2020, there was a plan to exit from Ocean State?

16 A. As of March 2020, we were not working  
17 on an exit, from an Ocean State perspective, we  
18 were not working at all on selling the business.

19 Q. Okay. But are you able to testify as  
20 to from a New Harbor perspective?

21 A. Probably not. I think that would be a  
22 New Harbor question.

23 Q. But you're not able to testify to that,  
24 is that what you're saying?

25 A. Yes.

1 April 1.

2 Q. Okay. And did -- this is an unsigned  
3 document --

4 A. Okay.

5 Q. -- I'll tell you, sir, but do you know  
6 if Ocean State ultimately did end up in engaging  
7 Livingstone?

8 A. Yes.

9 Q. And do you know when, roughly, the  
10 date?

11 A. It was around this date. Obviously, it  
12 wasn't before April, but it was close to that.

13 Q. All right. So is it accurate to say  
14 that as of April 1, 2020, Ocean State had  
15 engaged Livingstone in connection with the sale  
16 of Ocean State?

17 A. Yes.

18 MR. MOORMAN: Objection, objection,  
19 form.

20 Are you talking the sale that  
21 ultimately happened or are you talking about a  
22 potential sale here, that's the form objection,  
23 because there was a sale.

24 MR. RENNER: I'm referring to a  
25 potential sale.

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1 Q. Okay. All right. Could you look at be  
2 Exhibit 16, please?

3 A. Okay. Got it.

4 MR. MOORMAN: Eric, this handwriting on  
5 top, is that --

6 MR. RENNER: That's not mine. It's the  
7 original.

8 THE WITNESS: Yeah.

9 MR. RENNER: The 16, no, it's not mine,  
10 not my handwriting.

11 BY MR. RENNER:

12 Q. Have you seen this document before,  
13 sir?

14 A. Yes.

15 Q. All right. Who is Livingstone  
16 Partners, LLC?

17 A. They're an investment bank.

18 Q. All right. Is it a fair  
19 characterization -- well, strike that.

20 Did Ocean State have discussions with  
21 Livingstone regarding selling Ocean State?

22 A. Yeah.

23 Q. All right. And do you know when those  
24 discussions with Livingstone first took place?

25 A. It would be on and around this date of

1 THE WITNESS: Okay. Potential sale.

2 BY MR. RENNER:

3 Q. So why did Ocean State engage  
4 Livingstone?

5 A. To explore a potential sale of ocean  
6 State.

7 Q. Okay. And so is it fair to say that as  
8 of April 1, 2020, Ocean State had engaged  
9 Livingstone to explore the potential sale of  
10 Ocean State?

11 A. Yes.

12 Q. All right. So is it fair to say then  
13 that as of April 1, 2020, Ocean State was  
14 contemplating the potential sale of Ocean State?

15 A. Yes. I just should be clear, though,  
16 that this is like the first step.

17 Like, when you start to consider exit,  
18 the first thing you do is hire an investment  
19 bank, so this was the beginning of that.

20 Q. Did you have discussions with  
21 individuals from Livingstone?

22 A. Yes.

23 Q. Okay. And when did those discussions  
24 first --

25 A. On and around --

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1 MR. MOORMAN: You guys --  
 2 THE WITNESS: I'm sorry.  
 3 MR. MOORMAN: -- you've got to give him  
 4 time to ask his question.  
 5 BY MR. RENNER:  
 6 Q. When did you first have discussions  
 7 with Livingstone about the sale -- or potential  
 8 sale of Ocean State?  
 9 A. On or around this date.  
 10 Q. When Ocean State certified in its PPP  
 11 application that it needed the PPP loan, were  
 12 the proceeds of a potential sale of Ocean State  
 13 considered?  
 14 MR. MOORMAN: Objection, form.  
 15 THE WITNESS: Yeah, can you -- can you  
 16 be more specific or elaborate a little bit more  
 17 what you're asking?  
 18 BY MR. RENNER:  
 19 Q. Well, I assume -- correct me if I'm  
 20 wrong -- but Ocean State anticipated that if and  
 21 when it was sold, there would be proceeds from  
 22 the sale coming to Ocean State, correct?  
 23 A. Mm-hmm, mm-hmm.  
 24 MR. MOORMAN: Hold on. Coming to who?  
 25 MR. RENNER: To Ocean State.

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1 MR. MOORMAN: Objection, form.  
 2 THE WITNESS: It typically flows  
 3 directly to the owners of the business when you  
 4 sell a company, and you'll have a -- you'll have  
 5 a funds flow, and it will have, you know, the  
 6 owners and their, you know, bank accounts, and  
 7 the money gets wired directly to the owners.  
 8 BY MR. RENNER:  
 9 Q. All right. But my question, I guess,  
 10 is when Ocean State certified that the PPP loan  
 11 was necessary --  
 12 A. Yeah.  
 13 Q. -- did Ocean State give any  
 14 consideration to there being a potential sale of  
 15 Ocean State?  
 16 MR. MOORMAN: Objection, form.  
 17 THE WITNESS: Well, it was contemplated  
 18 at some point that we would sell the business,  
 19 but you understand, if you sell a business -- if  
 20 you start the process of selling a business,  
 21 it's three to five months before you ever  
 22 actually sell the business, and we were running  
 23 out of money immediately, like, we weren't -- we  
 24 weren't going to be able to make payroll in two  
 25 weeks, so it wouldn't have been a source of

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1 THE WITNESS: Well, it would have been  
 2 coming to the owners of Ocean State.  
 3 BY MR. RENNER:  
 4 Q. Okay. When it made that -- when Ocean  
 5 State made the, you know, economic necessity  
 6 certification in its PPP loan application, did  
 7 it consider the fact that there would be  
 8 proceeds from the potential sale coming in?  
 9 MR. MOORMAN: Objection, form.  
 10 THE WITNESS: Again, a potential sale  
 11 would provide -- would provide -- the dollars  
 12 would flow to the owners. It may not  
 13 necessarily flow into the business.  
 14 When you sell a business, it's equity  
 15 to the owners and paying off the debt, and there  
 16 -- you know, there may not be any additional  
 17 capital invested in the business.  
 18 BY MR. RENNER:  
 19 Q. Well, this isn't invested in the  
 20 business, it's proceeds of a sale --  
 21 A. That goes to the owners of the  
 22 business.  
 23 Q. Well, it would come to the business,  
 24 and then would be distributed to the owners; is  
 25 that fair to say?

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1 funding.  
 2 We would have, you know, closed up  
 3 shop, and there would be nothing to sell.  
 4 BY MR. RENNER:  
 5 Q. How was Ocean State funded in the past?  
 6 MR. MOORMAN: Objection, form.  
 7 BY MR. RENNER:  
 8 Q. Like we talked about Deerpath, right?  
 9 MR. MOORMAN: Objection, form.  
 10 THE WITNESS: Funded in the past, well,  
 11 you know, it was funded through the operations  
 12 of the business and then some loans, but, you  
 13 know, it's usually you want a business to be  
 14 funded through the operations of the business in  
 15 order to be a viable business.  
 16 BY MR. RENNER:  
 17 Q. Well, I'm just trying to get a sense of  
 18 all the available sources of funding.  
 19 You talked about operations revenue,  
 20 right?  
 21 A. Earnings, not revenue.  
 22 Q. Fair enough, earnings.  
 23 Well, Ocean State had utilized SBIC  
 24 funding as a source of -- as a source before,  
 25 correct?

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1 A. Correct.

2 Q. And had Ocean State used New Harbor as

3 a source of funding in the past?

4 A. Well, they provided equity investments,

5 yeah, not debt, but equity.

6 Q. Do you know how much?

7 A. You know, it probably would be

8 difficult for me to answer that question.

9 Q. All right. So other than New Harbor

10 and Deerpath and earnings, what other funding

11 sources were there for Ocean State?

12 MR. MOORMAN: Objection, form.

13 THE WITNESS: I think at some point

14 some of the other owners, the doctors that owned

15 might have done some pro rata, you know, equity

16 injections when that was done, but I -- it was

17 before I was there.

18 They didn't do that after I was there.

19 BY MR. RENNER:

20 Q. What about funding through investors?

21 A. You'd have to be more specific about

22 what do you mean by investors?

23 Q. Well, the LPs in the fund?

24 MR. MOORMAN: Objection, form.

25 THE WITNESS: Yeah, I think you're

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1 A. To fund operations.

2 Q. All right. And why was that funding

3 made or provided -- provided -- why was that

4 funding provided by New Harbor?

5 MR. MOORMAN: Objection, foundation,

6 also scope.

7 He's here to talk about Ocean State,

8 not New Harbor.

9 THE WITNESS: So I can tell you from a

10 -- from an Ocean State perspective, we were

11 running out of funding.

12 We were not operationally cash-flow

13 positive, so we needed additional equity.

14 BY MR. RENNER:

15 Q. How did Ocean State request that

16 additional equity?

17 A. That would be difficult for me to ask

18 -- or answer, because they did that before I was

19 even involved.

20 Like, it funded right after I got

21 involved, but the discussions started before I

22 was interim CEO of the business.

23 Q. So I want to focus on the timeframe

24 just prior to the April 3rd, 2020 PPP

25 application.

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1 going to have to talk to New Harbor about that.

2 BY MR. RENNER:

3 Q. All right. How would Ocean State get

4 funding from New Harbor Capital, like, what's

5 the process?

6 MR. MOORMAN: Objection to form.

7 THE WITNESS: Yeah, again, as an Ocean

8 State CEO from September 19th or, you know,

9 early September onward, we didn't get any equity

10 infusions from New Harbor, so I have difficulty

11 answering that question.

12 BY MR. RENNER:

13 Q. That would be something New Harbor

14 would have to answer?

15 A. Yeah, I would think so, yeah.

16 Q. So in 2019 is it correct that New

17 Harbor Capital provided funds to Ocean State for

18 working capital?

19 A. I'm sorry, when?

20 Q. In 2019 do you recall New Harbor

21 providing 2 million dollars roughly in funds to

22 Ocean State?

23 A. Yes.

24 Q. Okay. And what was the purpose of that

25 2 million dollars?

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1 Did Ocean State have access to a

2 revolving line of credit from Deerpath?

3 A. We had a revolving line of credit with

4 Deerpath.

5 Q. Was there credit available?

6 A. No.

7 Q. No. It had been used up, is that

8 right?

9 A. That's correct.

10 Q. And I take it from your earlier

11 testimony, Ocean State didn't submit any loan

12 applications at other -- for non-PPP funds?

13 A. No.

14 Q. And I take it from your prior

15 testimony, Ocean State didn't request funding

16 from Deerpath?

17 A. No, that's not what I said earlier,

18 but, you know, I don't know if I want to get

19 into this again, but --

20 Q. These were the discussions with

21 Mauricio you talked about?

22 A. I had weekly discussions with Deerpath

23 from the time I started in September.

24 Q. So without the PPP loan, how would

25 Ocean State have survived?

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1 A. Well, I think it would be fair to say  
2 that it probably wouldn't have.  
3 Q. So it would have shut down?  
4 A. It wouldn't have been able to pay its  
5 employees.  
6 Q. New Harbor -- your understanding is  
7 that New Harbor would have just let it fail?  
8 MR. MOORMAN: Objection. He's here to  
9 talk about Ocean State, not New Harbor.  
10 THE WITNESS: I can't speak to New  
11 Harbor, but, you know, given that we -- that the  
12 cash position and the disruption of the business  
13 via -- as a result of COVID, it would have  
14 likely ceased to operate.  
15 BY MR. RENNER:  
16 Q. Even though it was planned to be sold?  
17 A. The --  
18 MR. MOORMAN: Hold on. Objection,  
19 form. That is not his testimony.  
20 MR. RENNER: That's a question I'm  
21 asking.  
22 THE WITNESS: Can you ask it again?  
23 BY MR. RENNER:  
24 Q. Right. So we talked about the  
25 potential sale of Ocean State, right?

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1 loan -- from the time I got involved until, you  
2 know, after COVID, we weren't paying on our  
3 loan, so they could have done that at any point,  
4 but they felt like we were working hard to try  
5 to turn the business around, and as a -- just  
6 basically a lender, they have no ability to run  
7 a primary care, urgent care business, so they  
8 really were depending on -- they thought we were  
9 their best option to try to turn the business  
10 around.  
11 Q. And when you say we, are you referring  
12 to --  
13 A. Ocean State management, Ocean State  
14 board.  
15 Q. All right. I'm going to show you  
16 Exhibit 17. This is April 16, 2020, e-mail. Do  
17 you recall this e-mail?  
18 A. No.  
19 Q. Okay. So you say in here -- this is  
20 sent from you to --  
21 A. Mauricio.  
22 Q. -- Mauricio and Patrick Kane at  
23 Deerpath, and you say the password on the profit  
24 improvement plan is COVID19; do you see that?  
25 A. Yeah.

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1 A. Mm-hmm.  
2 Q. And that was in the works no later than  
3 April 1 of 2020, right?  
4 A. Mm-hmm.  
5 Q. I mean, Ocean State would have just  
6 been allowed to fail rather than be sold?  
7 A. No, the --  
8 MR. MOORMAN: Objection, form. You've  
9 got to slow down. Objection, form and  
10 foundation.  
11 THE WITNESS: No, the likely -- the  
12 likely scenario, it's called we'd hand over the  
13 keys. We'd say to Deerpath, it's your business,  
14 because they're now the, you know -- they have  
15 all the debt, they have all the senior debt, and  
16 we just -- we're, like, we're done, and here's  
17 the business and --  
18 BY MR. RENNER:  
19 Q. Did you discuss that scenario with  
20 Deerpath?  
21 A. Yes.  
22 Q. Okay. Can you describe those  
23 communications?  
24 A. I mean, they could have done that from  
25 the beginning, because we weren't paying on our

1 Q. What does that mean?  
2 A. It means that's the password for a  
3 document.  
4 Q. For what document?  
5 A. I honestly don't remember, but we had  
6 probably put together a turnaround plan, and so  
7 that's the password for the turnaround plan.  
8 Q. Is that a password you selected?  
9 A. Probably, yes.  
10 MR. MOORMAN: Just for the record, this  
11 is only part of the document, right, there's  
12 more to this?  
13 MR. RENNER: I mean, it looks to be an  
14 e-mail, part of an e-mail chain.  
15 I don't recall how it's produced off  
16 the top of my head.  
17 MR. MOORMAN: Okay.  
18 BY MR. RENNER:  
19 Q. All right. So now I want to talk about  
20 the time period after Ocean State received the  
21 PPP funds, okay?  
22 So after receiving the funds, did Ocean  
23 State make all of its outstanding rent payments?  
24 A. If my memory is correct, yes, we did.  
25 Q. Did it negotiate lower rent with the

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1 **proceeds of the sale, right?**  
2 A. It was as I -- let's see.  
3 As I remember it, the sale happened  
4 before the forgiveness was given by the  
5 government, and so when the sale happened, there  
6 was an escrow account set up for the total  
7 amount of the loan, right, so that -- they held  
8 back proceeds, and then once the loan was  
9 forgiven, then they distributed the proceeds.

10 Q. Right, but my question was then, I  
11 assume, it's fair to say that the proceeds of  
12 the sale were not used to pay back any of the  
13 PPP loan money, right?

14 A. No -- well, no -- can I restate that?

15 Q. Yes.

16 MR. MOORMAN: Yes, of course.

17 THE WITNESS: I mean, yes, they were,  
18 but as I said, the transaction happened, right.  
19 BY MR. RENNER:

20 Q. Which transaction?

21 A. The sale of Ocean State to what  
22 ultimately is Village MD.

23 Village MD paid some money, right, and  
24 then there was an escrow account set up, you  
25 know, equivalent to the loan agreement, and

1 standard questionnaire that was sent to  
2 basically any entity that took more than  
3 2 million dollars, I think, so it was like after  
4 the PPP thing, they came up with that -- that  
5 questionnaire.

6 Q. So is it fair to say that -- well, did  
7 you or anyone else on Ocean State's behalf ever  
8 speak with anyone from either the SBA or any  
9 other governmental agency about Ocean State's  
10 PPP loan?

11 MR. MOORMAN: Hold on. So what time  
12 period?

13 MR. RENNER: Well, I guess, up until --  
14 well, I know we had the -- not in connection  
15 with the lawsuit.

16 MR. MOORMAN: Okay.

17 THE WITNESS: Not in connection with  
18 the lawsuit, not that I'm aware of.

19 You have to remember, when these --  
20 when this was happening, like, they had phone  
21 numbers you could call to get information. You  
22 couldn't get anybody to pick up. There was no  
23 way to talk to anybody.

24 BY MR. RENNER:

25 Q. Right.

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1 after the sale, a month or two later -- I can't  
2 remember the exact time -- the loan was  
3 forgiven, and then the escrow was released.

4 Q. Fair enough.

5 My question was, so the money from the  
6 sale to Village MD wasn't used to pay back like  
7 -- was it Freedom Bank --

8 A. No.

9 Q. -- or the government that those monies  
10 that were obtained in the PPP loan; no, right?

11 A. The -- no.

12 Q. Okay. Did the SBA or any other  
13 governmental agency ever do an audit of Ocean  
14 State's PPP loan?

15 A. At some point we had to fill out a  
16 questionnaire that went into a whole bunch of  
17 detail about our ownership structure, and we  
18 answered all the questions about private equity  
19 and various other things.

20 I don't believe they did an audit. I  
21 wasn't aware of one --

22 Q. So other than --

23 A. -- beyond that.

24 Q. Other than the questionnaire?

25 A. Yeah, and the questionnaire was a

1 A. Because there was, you know, 100  
2 million companies around the U.S. trying to  
3 figure this out.

4 Q. All right. So the answer is no, right?

5 A. Yeah, no.

6 Q. And is that -- that question was  
7 regarding, I guess, the PPP loan application.

8 Is it also true that there were no  
9 discussions with any SBA or governmental  
10 officials regarding forgiveness of the loan?

11 A. That's correct.

12 MR. MOORMAN: Except in connection with  
13 this lawsuit?

14 THE WITNESS: Except in connection with  
15 the lawsuit?

16 MR. RENNER: Right.

17 THE WITNESS: Again, the PPP loan  
18 program was administered by local banks, so our  
19 communication was with the bank that  
20 administered it.

21 BY MR. RENNER:

22 Q. Are you aware if your banks -- other  
23 than the application itself for -- you know, the  
24 loan application and the forgiveness  
25 application, other than those documents, are you

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1 aware if the bank provided any other information  
2 to the SBA or the government regarding Ocean  
3 State's obligations?  
4 A. I can't answer for the bank. I have no  
5 idea.

6 Q. Did you or anyone else at Ocean State  
7 ever discuss the idea of giving the PPP money  
8 back?

9 A. No.

10 Q. After the application in April of 2020,  
11 did Ocean State ever do any kind of  
12 re-evaluation of whether or not it actually  
13 needed the loan, the PPP loan?

14 A. Well, as I said, we were managing cash  
15 on a daily and weekly basis, so, you know, it  
16 was very clear that we needed the money to  
17 operate the business.

18 Q. This is Exhibit 18. Do you recognize  
19 this document, sir?

20 A. Yes.

21 Q. You've seen it before?

22 A. Yes.

23 Q. And on the last page, it's the  
24 electronic signature, but you verified this?

25 A. Yes.

1 BY MR. RENNER:

2 Q. Sure, we'll start with that.

3 A. Ocean State board, Deerpath, the bank  
4 we worked through, and, you know, Sarah and  
5 myself.

6 Q. Anyone else?

7 A. No.

8 Q. What was Deerpath's involvement --  
9 strike that.

10 who else had involvement?

11 A. Involved --

12 MR. MOORMAN: Hold on. The last  
13 question you asked was awareness or involvement.  
14 He answered awareness.

15 MR. RENNER: Right. So now we're going  
16 to move to involvement.

17 MR. MOORMAN: Okay.

18 THE WITNESS: Involved in actually  
19 filling out the application?

20 BY MR. RENNER:

21 Q. No, no, not just filling it out, but  
22 either providing input, information, that kind  
23 of thing.

24 A. So some of our board members, most  
25 likely Ed Lhee and John Pircon and Deerpath, so

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1 Q. I just want to talk about a few of the  
2 interrogatory answers here.

3 A. Okay.

4 Q. I think you may have answered some of  
5 them.

6 A. All right. So if you go to Page 12,  
7 and the supplemental response to Interrogatory  
8 No. 8.

9 A. Mm-hmm.

10 Q. So the third sentence down, it says  
11 defendant further states that additional  
12 individuals may have had awareness of the PPP  
13 loan applications or loan forgiveness  
14 applications for Ocean State, including the  
15 other individuals listed in response to No. 1?

16 A. Mm-hmm.

17 Q. So who specifically either had  
18 awareness, involvement in the PPP loan  
19 application?

20 MR. MOORMAN: Wait. It's awareness or  
21 involvement?

22 MR. RENNER: Well, both, either one.

23 THE WITNESS: So awareness, who had  
24 awareness of it?

25

1 Mauricio and Patrick Kane.

2 Q. All right. Anyone else?

3 A. Not that I'm aware of, no.

4 Q. And what was Deerpath's involvement?

5 A. They were really just helpful in --  
6 first, they provided us a certification that  
7 they were an SBA certified lender, which we  
8 included in the application, but they were --  
9 they were helpful, because they had -- they were  
10 SBIC lenders, so basically every one of their  
11 companies was applying for a PPP loan, so they  
12 were super knowledgeable and helpful in this  
13 period where it was hard to get any information,  
14 so they were sharing a lot of, you know, advice  
15 and counsel on the process.

16 Q. And what about the board members you  
17 referenced?

18 MR. MOORMAN: Who?

19 MR. RENNER: Pircon and Ed Lhee.

20 MR. MOORMAN: Objection, form.

21 THE WITNESS: Can you be more specific  
22 with your question?

23 BY MR. RENNER:

24 Q. Sure. What involvement did Mr. Lhee  
25 and Mr. Pircon have?

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1 position of Ocean State?

2 MR. MOORMAN: It's both. He's here to  
3 testify on behalf of Ocean State at the same  
4 deposition.

5 BY MR. MOORMAN:

6 Q. Mr. Renner showed you some documents  
7 like the LLC agreements, you know, other  
8 management agreements.

9 Do those -- is it your understanding or  
10 based on -- what is your understanding -- strike  
11 that.

12 What is your your understanding of  
13 whether the agreements between Ocean State and  
14 New Harbor, or any New Harbor affiliated entity,  
15 whether those agreements give Ocean State the  
16 ability to access New Harbor's assets?

17 A. They -- as far as I -- as far as my  
18 understanding, it gives them no ability to  
19 access New Harbor assets.

20 MR. RENNER: Objection to form,  
21 foundation.

22 BY MR. MOORMAN:

23 Q. So I want talk about the affiliation  
24 requirement, right?

25 Just remind me and the jury -- although

1 qualified.

2 Q. Mr. Renner asked you about the timing  
3 of when Ocean State received funding from  
4 Deerpath as an SBIC lender; do you recall that?

5 A. Yes.

6 Q. At the time you applied for a PPP loan,  
7 did you understand whether the SBIC exception  
8 imposed any time limitation on when a company  
9 received lending support from the SBIC company?

10 A. As far as we knew, there was no time  
11 limit on SBIC lending.

12 Q. I want to ask you some questions about  
13 payroll.

14 So Mr. Renner asked you some questions  
15 about which entity was responsible for paying  
16 the people that worked for Ocean State, and  
17 also, I think, the 23 companies that provided  
18 health care services; do you remember that?

19 A. Yes, yes.

20 Q. Who was responsible for paying all of  
21 those employees?

22 MR. RENNER: Objection, form.

23 THE WITNESS: Ocean State, LLC.

24 BY MR. MOORMAN:

25 Q. Okay. And that includes the Ocean

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1 we're not videotaped right now -- how was Ocean  
2 State able to apply for a PPP loan given the  
3 existence of the affiliation requirement?

4 MR. RENNER: Objection.

5 THE WITNESS: There was a waiver  
6 provided in the -- in the PPP loan regulations  
7 for any company that had already applied for and  
8 received a loan from an SBIC accredited lender,  
9 and we had that through Deerpath, and provided  
10 that in our application, a certification of that  
11 in our application.

12 BY MR. MOORMAN:

13 Q. And just -- I think you just said this,  
14 but I wasn't paying attention.

15 How did you know Deerpath qualified as  
16 an SBIC lender?

17 A. They provided certification that they  
18 were -- they were SBIC certified.

19 Q. So just big picture. How confident  
20 were you, was Ocean State, that based on all of  
21 the eligibility rules you reviewed, all of the  
22 diligence you did, that Ocean State was eligible  
23 for a PPP loan notwithstanding the affiliation  
24 rules?

25 A. We were very confident that we

1 State, LLC employees?

2 A. Yes.

3 Q. Does that also include the people that  
4 work for those 23 entities that are providing  
5 healthcare services?

6 A. Yes.

7 MR. RENNER: Objection, form.

8 BY MR. MOORMAN:

9 Q. And from whose bank account did the  
10 money to pay the employees that worked for those  
11 23 entities come from?

12 A. Ocean State, LLC.

13 Q. How did Ocean State, LLC get the money  
14 to make those payments?

15 A. There was -- so the cash flow from  
16 patient visits came from third-party payors into  
17 the professional services companies, and there  
18 was a sweep on a daily basis of that money up to  
19 the Ocean State accounts.

20 Q. And did the 23 companies have a right  
21 to that money or did that money go to Ocean  
22 State, LLC?

23 A. It directly went to Ocean State based  
24 on the services agreements.

25 Q. And did Ocean State have any ability

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1 not to make payroll, to keep the money for  
2 itself?  
3 A. No.  
4 Q. And were these obligations limited to  
5 payroll or was Ocean State, LLC also responsible  
6 for other payments for the 23 medical  
7 organizations?  
8 A. They made all payments -- all of AP was  
9 paid by Ocean State, LLC.  
10 Q. And if Ocean State, LLC did not make  
11 those payments, not make those payroll payments,  
12 what happens?  
13 A. All the businesses are unable to pay  
14 their debts.  
15 So all the medical companies could not  
16 pay payroll, could not pay, you know, for all  
17 the medical equipment and supplies that they  
18 needed.  
19 Q. So I want to turn your attention to  
20 Exhibit 20. I think it's right there, John.  
21 A. Which one, this one?  
22 Q. This one.  
23 So, Mr. Roselli, Exhibit 20 is the  
24 May 7th, 2020 memo that you prepared with the  
25 subject Paycheck Protection Program.

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1 attached to the resolution, but is the memo that  
2 is Exhibit B, this May 7th, 2020 memorandum that  
3 you prepared?  
4 A. Yes.  
5 Q. Do you have any reason to doubt that  
6 the people that signed this Exhibit 12 had not  
7 read your memorandum before they signed it?  
8 A. No, it was included, and I have no  
9 reason to believe that they didn't read it.  
10 Q. Did Ocean State's business start to  
11 improve in the months after it applied for its  
12 PPP loan?  
13 A. There were -- it was very difficult for  
14 the first few months, and we started to see  
15 improvement, but it was nowhere near what it was  
16 the prior year.  
17 Q. Could Ocean State have gotten to the  
18 point where its business started to improve had  
19 it not received a PPP loan in March of 2020?  
20 A. No.  
21 Q. All right. Mr. Roselli, just one more  
22 question, I think.  
23 Would you have ever applied for a PPP  
24 loan, allowed Ms. Charette to sign the PPP loan  
25 application, recommended the PPP loan to the

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1 Do you remember getting asked questions  
2 about this?  
3 A. Yes.  
4 Q. Does this memo contain the analysis  
5 that you conducted to determine whether you were  
6 eligible for a PPP loan?  
7 A. Yes.  
8 Q. Did you conduct the analysis  
9 memorialized in this memorandum before you  
10 applied for the PPP loan?  
11 A. Yes.  
12 Q. You also were asked some questions --  
13 oh, before I get to that -- this May 7th, 2020  
14 memorandum that contains the analysis you did  
15 about your eligibility for the loan, did you  
16 provide that to the board of Ocean State?  
17 A. Yes, we did.  
18 Q. Okay. So Exhibit 12, this is the  
19 unanimous consent of the board of managers,  
20 right?  
21 A. Yeah, mm-hmm.  
22 Q. And if you turn to the end, there's  
23 Exhibit B.  
24 A. Yeah.  
25 Q. It says, memo. I know it's not

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1 board of Ocean State if you did not think Ocean  
2 State was eligible for the loan?  
3 A. Absolutely not.  
4 Q. Okay. I have no further questions.  
5 FURTHER EXAMINATION  
6 BY MR. RENNER:  
7 Q. Just one question.  
8 Do you recall sending an e-mail -- it's  
9 not an exhibit, I didn't bring it, but I believe  
10 from my memory, it's July of 2020 -- do you  
11 remember sending an e-mail stating that year  
12 over year Ocean State was doing better in 2020  
13 than 2019?  
14 A. I don't -- I don't remember that.  
15 Q. All right. Do you recall, is that the  
16 case, that year-over-year basis, was 2020 better  
17 than 2019?  
18 A. No.  
19 Q. Okay. But, I mean, obviously, the  
20 financial documents will --  
21 A. Yeah, the financial --  
22 MR. MOORMAN: Hold on. Don't take his  
23 word for the document.  
24 BY MR. RENNER:  
25 Q. I assume, you know, if we were to

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